



# **BUDGETING FOR LOUISIANA LOCAL GOVERNMENT**

**Legislative Auditor**

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## **Louisiana Local Government budget Act (LSA RS 39:1301-15)**

The Louisiana Local Government Budget Act applies to all Louisiana political subdivisions with a general fund or a special revenue fund, except that the public participation provisions only apply to those political subdivisions with proposed expenditures totaling two hundred fifty thousand dollars or more in such funds. The act is the minimal budget requirements and does not prevent political subdivisions from requiring more extensive financial planning and budgeting practices, as long as those practices do not conflict with state law.

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**July 2004**

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# INTRODUCTION

A budget is nothing more than a collection of financial decisions concerning a given fiscal year, i.e., a financial plan. Budgeting is the process by which this financial plan is developed and implemented. Local government officials are responsible for financial policy, including establishing and maintaining sound budgetary practices. This Section presents a basic line-item budget, by function, and an illustrative process by which the budget may be prepared.

As a collection of financial decisions, a budget becomes a detailed plan of operations and capital outlay for the fiscal year. The budget includes the activities and services which the government plans to provide to its citizens during the fiscal year; physical improvements, such as roads and buildings, which the government intends to construct (all or part of) in the fiscal year; the expenditures required to support these operations and capital projects; and the resources available for meeting the planned expenditures. The budget also addresses such policy questions as debt service needs, cash management, purchasing requirements, and taxation and other revenue levels and rates imposed upon local taxpayers.

Budgeting is only one of many financial policy control mechanisms discussed in this manual, but it is the most basic and, therefore, the most important. Local governments provide services to people, and the financing of these services must be properly planned and controlled in order to achieve the maximum efficiency, economy, and effectiveness in the use of governmental financial resources; to minimize the tax burden upon local citizens; to comply with applicable state law, contractual provisions and professional financial management practices; and to assure that the government's financial position is sound.

The budget provides important information on governmental financial policies and practices for a variety of users:

<b>Users</b>	<b>Information</b>	<b>Purpose</b>
The Public	An opportunity to learn and understand the government's public service programs and policies.	Accountability
Governing Body	An opportunity to judge the adequacy of the operating programs, to establish the level of services to be rendered to the public, and to provide input into the budgetary process.	Control
Fiscal Officers/Administrators	An opportunity to review organization, methods and procedures; to initiate	Control and Management

Users	Information	Purpose
	improvements; and to select problems for intensive study.	
Departments of the Governmental Unit	An opportunity to justify the department's programs and operations, to propose changes in services, and to recommend changes in organization and methods.	Planning
Grantors, Legislators, Investors, Etc.	An opportunity to review the various programs of a government and their cost and financial position for decision making purposes.	Decision Making

## The Budgetary Process

The budgetary process encompasses a number of different activities and decisions over a period of several months, the end result of which is the annual budget. Exhibit 3-1 presents a diagram of the budgetary process (using a calendar fiscal year).

The stages of the budgetary process around which this Section of the manual is organized are:

1. Starting the process.
2. Preparing departmental budget requests.
3. Central administrative review of departmental budgets.
4. Preparing the recommended annual budget.
5. Adopting and implementing the budget.

Each stage of the budgetary process encompasses a number of activities and/or decisions. Responsibility for carrying out the activities and making the decisions varies among governmental units, financial administrators, and various departments of governmental units. The governing body is responsible for all policy decisions, including setting budgetary guidelines and adopting the annual budget. The fiscal officer is responsible for preparing revenue estimates, reviewing departmental budget requests, preparing a recommended annual budget for review by the governing body, and implementation of the adopted annual budget. The departments of the governmental unit are basically responsible for preparing and submitting their appropriations requests for the ensuing budget year.

The budgetary (development) process normally takes place over a period of several months. Exhibit 3-1 provides for a four-month budgetary period (September 1 through January 1), but this schedule can be adjusted to meet the needs of individual governmental units. However, adequate time must be provided so that the various budget activities can be carried out and decisions made after proper review and consideration.

### EXHIBIT 3-1: THE BUDGETARY PROCESS

Budgeting Stage	Department	Administration	Governing Body
Starting the Process		September 1. Prepare Revenue Estimates	
			September 15. Determines the Budgetary Guidelines
		October 1. Issues Departmental Budget Memorandum	
Departmental Budget Requests	November 1. Develops Departmental Budget Requests		
Central Administrative Review		November 20. Reviews Departmental Budget Requests	
Recommended Budget		November 30. Compiles Departmental Requests Into Recommended Budget	
		December 9. Publishes Budget Summary and Notice of Public Hearing	
Budget Adoption and Implementation			December 20. Holds Public Hearing and Reviews Recommended Budget-- Adopts Budget
		January 1. Implements Adopted Budget	January 1. If No Adopted Budget, 50% of Prior Year Budget Becomes Current Year Budget

### Organization of the Budget

The budget organization used in this manual provides for a comprehensive approach to budgeting. Summary information provided to the governing body can be broken out by resources and functions, and appropriations are detailed as to operating (current) expenditures, expenditures for capital outlay, and expenditures for debt service. Supplemental information is provided for revenue estimates, salaries, travel, and capital projects. Exhibit 3-2 indicates the budget forms and schedules which should be prepared at the departmental and unit levels, and for which examples and instructions are provided in this manual.

Resources are estimated on forms prepared at the governmental entity level only. (Enterprise and Internal Service Funds might be exceptions.) The budgetary process begins with the fiscal officer estimating the revenues expected to be received during the coming fiscal year. These revenue estimates are then used by the governing body to set budgetary guidelines to guide the departments in preparing their appropriations requests.

Appropriations estimates are prepared both by the departments and the fiscal officer. The departmental

total appropriations request provides summary budgetary information for an individual department. The expenditure summary, by function, for each fund and the consolidated budget provide an overview of total expenditure trends and requests for appropriations at the governmental entity level.

Appropriations for operations encompass those planned expenditures for normal routine operations, including personal services and other operating expenditures/expenses. The departments will prepare a line item operating budget, by function with supplemental schedules, detailing appropriations for personnel and travel. Upon receipt and review of these departmental forms, the fiscal officer will incorporate this information into the expenditure summary, by fund, by function.

### Exhibit 3-2: BUDGET ORGANIZATION\*

<b>FUNCTIONAL BUDGET ORGANIZATION</b>	<b>PREPARED BY ADMINISTRATION</b>	<b>PREPARED BY DEPARTMENTS</b>
Total Budget	Consolidated Budget (3-16) Consolidated Capital Outlay Request (3-17) Consolidated Debt Service Request (3-18)	
Resources	Revenue History Analysis (3-3) Summary Revenue Estimates (3-4)	
Total Appropriation	Individual Fund Budgets (3-15)	Individual Fund Budgets (3-15)
Appropriation for Operations		Salary Schedule (3-6) Travel Schedule (3-7) Appropriation Request (3-10) Capital Outlay Schedule (3-8)
Appropriations for Capital Outlay		
Appropriations for Debt Service	Consolidated Debt Service Request (3-18)	

\* The numbers in parenthesis following each budget form refers to the Exhibit number where an example of the form can be found; blank forms and instructions may be found in Appendix A.

Appropriations for capital outlay encompass the planned expenditures for major, non-routine items. These include equipment, furniture, and capital projects. The departments prepare and submit a capital outlay appropriations request with supplemental schedules for equipment and furniture and for capital projects. The fiscal officer prepares a capital outlay summary that includes an estimate of the expected impact on future annual maintenance and other costs. This allows the governing body to be aware of, and to assess, the future financial impact of major public works projects on the governmental units long-term financial plans.

Many governmental units adopt two budgets annually; one for current operating expenses and one for capital outlay. Additionally, many of the capital outlay budgets are for periods of longer than one year (in certain cases, three to five year capital outlay budgets are statutory). However, the procedures used will be similar to those illustrated in this section and multi-year budgets should be segmented to reflect fiscal plans, by years.

### Budget Basis

Many units of local government budget on a cash basis; some units of government budget on a modified cash basis; some units budget on a modified accrual basis; and some budget in accordance with generally accepted accounting principles. The budget basis should be consistent with the needs of the governmental unit. What may work in one political subdivision, may not work in another political subdivision. To a large degree, the budget basis is driven by the size and complexity of the entity and the needs and desires of its governing board.

## Sources of Budgetary Information

The material presented in this publication was developed from the following standard sources, which may be referred to for additional information:

- Municipal Finance Officers Association. *A Guidebook to Improved Financial Management for Small Cities and Other Governmental Units*. Chicago, 1978.
- Lennox L. Moak and Kathryn W. Killian, *Operating Budget Manual*. Chicago: Municipal Finance Officers Association, 1963.
- Arthur B. Mohor, *Budget Preparation and Control*. Institute of Government, University of Georgia.
- James C. Snyder, *Fiscal Management and Planning in Local Government*. Lexington, Mass. D. C. Heath and Company, 1977.

# STARTING THE PROCESS

The initial steps in the budgetary process involve estimating the amount of revenues which can be expected to be available for the coming fiscal year, setting budgetary guidelines, and transmitting this information, together with budget forms, to the various departments of the governmental unit. This preliminary work on the budget sets the stage for later decisions to be made by the various parish departments, the fiscal administrator, and the governing body.

## Estimating Revenues

Revenues pay the bills. Governments are limited in the range and levels of public services which they can provide to local citizens in large part by the availability of resources, i.e., the amount of revenues which can be levied and collected in a given fiscal year. Accurate estimates of revenue can help officials plan wisely and avoid financial crises and uncertainty.

The elements of a sound revenue program may be summarized as follows:

1. Analysis of economic information, including significant economic trends.
2. Central assignment of responsibility for revenue estimation and monitoring.
3. Selection of revenue sources and levels of assessment and collection.

Variations in economic conditions affect different revenue sources in different ways. The ad valorem tax is a fairly stable revenue, while consumer taxes tend to fluctuate more with the level of local economic activity. In developing the annual budget, the governmental unit must consider the prevailing economic trends and their likely impact on revenues.

Revenue estimation is the process of determining the probable yield of taxes and other revenues that the government will receive. Traditionally, the ad valorem tax has been the mainstay for local government, but other types of revenue are also available. As governments develop additional revenue sources, the problem of accurately estimating the yield from local revenues has become substantially more difficult.

In addition, local governments have come to depend heavily upon grants-in-aid from the state and federal governments. Sometimes, local governments depend on revenue from taxes that the state collects and then shares with local government. The ability to correctly estimate the yield from those revenue sources



depends on the stability of their economic base, the stability and effectiveness of collection machinery, the regularity with which remittances are made by the higher governments, and the political stability of the legislation behind the revenues. Indeed, increased reliance on intergovernmental revenues makes it necessary for officials to consider both political and economic factors of several levels of government when estimating revenues for the coming year.

Revenue estimation should be the responsibility of the individual or office that is also responsible for preparing the annual budget for submission to the governing body. This will usually be the chief fiscal officer. Centralized revenue estimation allows departmental budget requests to be more accurately weighted against projected revenues and overall budgetary policy.

A file should be maintained for each revenue source; the file should contain appropriate historical, legal, and related economic data. Such a file might include:

1. Relevant federal and state legislative acts and related administrative factors.
2. A data chart showing the amount of revenues received over a period of time (at least five prior years).
3. Information on the major factors affecting the revenue source and their trend over time (at least five years).

Revenue estimation is a judgmental process in which the estimator must analyze historical information and current trends. Therefore, revenue estimates will always be somewhat subjective. The official charged with responsibility for revenue estimation should be required to disclose to the governing body the methods employed in arriving at those estimates, including all assumptions made in developing the projections and analysis. Where possible, information should be obtained from other organizations, such as competent civic and taxpayer organizations and research bureaus. Forms for use in estimating revenues are presented in Exhibits 3-3 and 3-4.

### **Setting Budgetary Guidelines and Issuing a Departmental Budget Memorandum**

Revenue estimates are the first step. Employees cannot be paid and equipment cannot be acquired if the money is not available. Once the revenue figures have been calculated, the governing body can review the financial needs and resources for the coming fiscal year and set budgetary guidelines within which the proposed budget will be developed. For example, will the budget emphasize the expansion of services, or will a 'hold-the-line' financial goal take priority?

The decisions on budgetary guidelines can be made by the governing body during a preliminary budget workshop, which the chief fiscal officer should attend. Revenue estimates should be prepared and made available prior to the workshop. The budgetary guidelines established by the governing body will be transmitted to the departments by the fiscal officer, along with the budget forms and any other relevant information in a budget memorandum (see Exhibit 3-5).

### **Example Problem - Starting the Process**

Throughout this publication, a hypothetical political subdivision, a police jury, is used to illustrate the budget process, techniques, and forms. However, the process is essentially the same for all units of local government.

1. On September 1, 19X1, in anticipation of the need to begin developing the budget for the fiscal year ending December 31, 19X2, Secretary-Treasurer J. R. Johnson begins preparing estimates of anticipated revenues. While her estimates are subject to change later in the budgetary process as more information becomes available, the exercise will nonetheless provide Johnson and the police jury with reasonably accurate revenue projections with which to plan the budget. The history of individual revenues is analyzed (see Exhibit 3-3) and summarized (see Exhibit 3-4) as follows:

**1a.** Noting Lane Parish's stable economic base (only slightly growing), Johnson realizes that revenues for the coming fiscal year will generally be about the same as for the current fiscal year, assuming no major changes in tax rates. Her revenue analysis, therefore, reflects her best estimate as to the likely behavior of individual revenue sources for the coming fiscal year.

**1b.** Recognizing the overall increase in revenues will be small, and quickly consumed by the current inflationary trend, Johnson realizes that the improved management of available parish cash is essential. She, therefore, decides to implement a cash management and investment program. The basic elements of this program will be closer monitoring of the parish's cash needs through development of a cash management program and the pooling of cash from the parish's several funds in order to have larger amounts of cash which can be invested at higher rates of return. The impact of this cash management program will be reflected throughout the revenue estimates of the parish's various funds.

**1c.** The police jury can set the ad valorem tax rate at any amount required to meet its needs, providing it does not exceed the maximum amount approved by the voters. The maximum was reached for the current fiscal year. At that time, the police jury decided not to hold a tax election, anticipating that such could not be passed. Johnson, therefore, estimates that the parish ad valorem tax will yield the same revenue for the coming fiscal year as it is estimated to yield in the current fiscal year.

**1d.** Occupational license fees and the alcoholic beverage tax are expected to increase at the same rate as in previous years.

**1e.** Lane Parish is not a gas or oil producing parish. The severance tax that the parish receives is from timber and has proved to be relatively stable.

**1f.** Sales tax receipts have been steadily increasing. This has been due to the current inflationary trend. The inflation rate is not expected to decline over the next year.

**1g.** Parish transportation funds, which are dedicated to road maintenance and construction, are distributed according to parish population. Lane's slow growth rate and declining state support would preclude any significant increase from this source.

**1h.** The Lane Parish Waterworks System (LPWS) recently received approval from the Public Service Commission for the third rate increase in the last four years. These rate increases have been granted to cover the increased cost of fuel to the LPWS. The most recent rate increase taking effect on September 1, 19X1, will increase revenues by \$20,000 for the current fiscal year and by \$40,000 for the coming fiscal year.

**2.** On September 15, 19X1, the Secretary-Treasurer presents her revenue estimates to the police jury at a special workshop called for the purpose of setting the budgetary guidelines for the fiscal year 19X2 budget. The police jurors review her estimates and, after extensive discussion and debate, accept the revenue estimates for the purpose of budgetary planning. The police jury also agrees that the fiscal year 19X2 budget will be prepared under basically the same assumptions and conditions as was the current budget, with a 5% across the board salary increase for all employees. Johnson also receives the jury's endorsement of her cash management and investment program.

**3.** On October 1, 19X1, Johnson issues a Budget Memorandum (Exhibit 3-5) to the various parish departments setting forth the budgetary guidelines and transmitting the budget preparation package including the budget calendar, budget forms, and instructions. The three major financial factors--the decision not to raise tax millages, the implementation of the cash management program, and the 5% salary increase--are highlighted. The parish departments are now responsible for preparing and submitting their appropriations requests by November 1, 19X1.

**4.** Johnson now turns her attention to the revenue section of the individual fund budgets that are required by state statute. Since the jury has accepted her revenue estimations, the revenue portion of the individual fund budgets can now be completed (Exhibit 3-15). She completes the mechanical process of

filling in the information from prior year and estimates of current activity and files the individual budgets for further completion after the review of the departmental appropriation requests.

<b>Exhibit 3-3</b> <b>PARISH BUDGET FORM-REVENUE HISTORY ANALYSIS</b> Parish of Lane					
Prepared by JR Johnson			Date: Sept. 1, 19X1		
1. Revenue Source and Account Number: Ad Valorem Taxes 3110.00					
2. Year:	19-7	19-8	19-9	19X0	19X1(Current Year)
3. Amount:	\$448,000	\$471,200	\$490,000	\$539,200	\$550,000
4. % Change From					
Prior Year	X%	5%	4%	10%	2%
5: Remarks: Police Jury adopted same millage rates as in past years. Estimate budget collections in 19X1 will fall slightly short of the \$550,000 estimate.					

### Exhibit 3-4

PARISH BUDGET FORM SUMMARY REVENUE ESTIMATES PARISH OF LANE						
Prepared by: JR Lane					Date: Sept 4 19X1	
<u>Account Classification</u>			<u>(19X1) Current Year</u>		<u>(19X2) Budget Estimate</u>	Remarks
Acct. No.	Revenue Source	Fund	Budget	Estimate	Estimate	
3110/001	Advalorem Taxes	ooo	\$560,000	\$550,000	\$550,000	No increase in millage
3120/004	Parish Sales Tax	ooo	\$795,000	\$795,000	\$800,000	
3230/003	Occupational Licenses	ooo	\$297,000	\$297,000	\$300,000	
3335/10	Severance Tax	ooo	\$300,000	\$300,000	\$300,000	
3410/00	Fees & Charges	ooo	\$2,000	\$2,000	\$2,000	
3130/10	Alcoholic Beverage Tax	ooo	\$20,000	\$20,000	\$21,000	
3315/10	Federal Revenue Sharing	ooo	\$100,000	\$100,000	\$109,000	
3610/00	Interest	ooo	\$3,500	\$4,000	\$6,000	
	General Fund	Total	\$2,077,500	\$2,068,000	\$2,088,000	Implementing Cash Management Program
3330/20	Parish Transportation					
3610/00	Fund Interest	111 111.00	\$305,000	\$305,000	\$300,000 \$2,000	Declining State Support Cash Mgmt. Prog.
	Transportation	Total	\$305,000	\$305,000	\$302,000	
3470/00	Operating Income	400.00	\$240,000	\$260,000	\$280,000	Rate Increase
3610/00	Interest	400.00	\$2,000	\$5,000	\$8,000	Cash Mgmt. Prog.
	Utility	Total	\$242,000	\$265,000	\$288,000	

### Exhibit 3-5: Example Budget Memorandum

To: All Department Heads

Date: October 1, 19X1

From: JR Johnson, Secretary-Treasurer

Subject: Police Jury Budget  
for Fiscal Year 19X2

The operating and capital outlay budget for fiscal year 19X2 will be prepared under basically the same conditions as the 19X1 budget. As a result of the jury's continued policy position not to raise the millages, property tax revenue will continue to be about the same as for fiscal year 19X1. A cash management and investment program is being started in order to make better use of the parish's idle cash.

In order to adjust to this limitation on revenues, the jury has decided to adopt a hold-the-line operating budget and to reduce the capital outlay budget for next year. This will permit routine services to be continued at about the same level as this year. The major reductions in appropriations made in last year's capital outlay budget will have to be continued, and applies especially to new public works projects and proposed acquisitions of new equipment which can be delayed without seriously impairing the parish's ability to provide its present level of services.

The budget preparation process for fiscal year 19X2 will be quite different from that of past years. New budget forms will be used to assure that each department presents its budget request in adequate detail, especially as to documentation of service needs and justification of any items representing increase over the current fiscal year.

Attached is a budget preparation package including the budget calendar, budget forms, and instructions for completing the forms. It is very important that the budget calendar be followed by all departments. Any department head that anticipates difficulty in meeting a deadline should contact this office immediately for assistance.

Attachments

BUDGET2

# PREPARING DEPARTMENTAL BUDGET REQUESTS

Upon receipt of the budget memorandum, each department will prepare the required budget forms and justification for the appropriations that the departments request. Certain individuals within the various departments must be charged with preparing departmental requests and the requests should be formatted in accordance with the chart of accounts used by the governmental unit. In certain instances, department heads will be preparing appropriation requests for more than one expenditure account, more than one fund, or working with other department heads in preparing (jointly) budget requests for departments that cross expenditure accounts or funds.

Once these departmental requests have been completed they are submitted to the fiscal officer where they are compiled into individual fund budgets, combining fund budgets, and a consolidated budget for the governmental unit. It is important that the budget requests be submitted by the deadline specified in the budget memorandum. Additionally, sufficient narratives and explanations should accompany the request to highlight important features of the request and to provide adequate justification for the request so as to eliminate the possibility of further requests for information.

## Example Problem - Preparing Departmental Budget Requests

1. Secretary-Treasurer J. R. Johnson is responsible for preparing the "Departmental Appropriation Request" and supporting schedules for all of general government. That includes the legislative, judicial, executive, elections, financial and administrative, and other general administrative functions of government, which correlates with the 4000 series of the expenditure accounts and relates to General Fund activities. Additionally, Johnson has the responsibility to prepare budget request for the Capital Project Fund and the Debt Service Fund.

Johnson first concerns herself with the general government requests of the General Fund budget. Because of the continued tight financial conditions of the parish, Johnson decides to "hold-the-line" on police jury expenditures to the current-year appropriations. The only exceptions are requests for some minor renovation work to the accounting section so that her accountant may have a private office, the 5% salary adjustment, and, within the Capital Project Fund, major renovations to the parish museum to be funded by grant funds and a bond issue approved by the voters.

2. Johnson starts preparing the general government budget by first considering the police jury's operating needs. The bulk of these expenditures are in salaries, fringe benefits, and travel. After deciding to basically duplicate the current budget for the coming fiscal year, Johnson begins her task by estimating the jury's personnel and salary needs. While Johnson will concern herself with all the departments within the general government section or the 4000 expenditure accounts, the accounting and payroll section (expenditure account 4005.15) is specifically illustrated in this example and the accompanying exhibits.

**2a.** Personnel are the major component of any service program. Detailed information on present and proposed staffing levels and salary adjustments is important, describing any new positions and the reclassification of existing positions. Such descriptions will assist the Secretary-Treasurer and the jury in making any necessary adjustments to departmental budget requests. Considering the "hold-the-line" budget position of the jury, Johnson completes the Departmental Salary Schedules (Exhibit 3-6), providing only for the 5% salary adjustment with no increase in staff. Specifically within the accounting and payroll department, she has requested funding for the salaries of the accountant and the two account clerks who presently work in that section, adjusted for the 5% salary increase.

The Departmental Salary Schedule is completed for all of general government, by expenditure account, listing all employees paid from the 4000 series expenditure accounts.

**2b.** Johnson next considers the general government travel needs. Travel can become a significant drain on the parish's financial resources, especially in times of financial stress. Both out-of-town travel and local travel can be very expensive. Besides providing a form which parish departments can use to request travel appropriations, the parish may want to require separate administrative approval for out-of-town trips, in addition to approving the appropriations for such travel in the annual budget.

Specifically for the accounting and payroll department (expenditure account 4005.15), she uses the amounts from the current year's budget for the requested budget. In that the people within the accounting and payroll function play a key role in the management and control of parish programs and resources, Johnson insists that they attend appropriate professional workshops sufficient to maintain their professional ability. Johnson then completes the Departmental Travel Schedule (Exhibit 3-7). The Departmental Travel Schedule is completed by department, by expenditure account for all of general government.

**2c.** Secretary-Treasurer J. R. Johnson now turns her attention to the capital outlay portion of the general government budget request of the jury. Capital outlay refers to those major, non-routine items that may be purchased or constructed. Capital outlay includes the purchase of equipment and furniture, construction of public facilities, and other major acquisitions such as land and buildings, unrelated to construction activities.

The justification for each capital outlay item should include an estimate of the likely impact of that item on future operating costs. That is, as a result of this purchase or construction, are there cost savings or additional operating costs to be incurred, and in what amounts? For example, construction of a new building to replace an old building may result in lower maintenance costs for the first few years, but as the new building ages these maintenance costs could be expected to rise significantly. The justification can be provided either on the appropriate budget form, on supplemental schedules, or in a supporting memorandum or narrative statement. Equipment and furniture encompass all nonexpendable items purchased by the parish, such as autos, trucks, tractors, mowers, office equipment, and small-motorized tools. These are normally major purchases with an extended life expectancy (depending on use). The proposed purchase of equipment and furniture items should be carefully reviewed in light of the useful life of such equipment. Also, the possible alternatives should be considered, such as using existing equipment that is in the inventory of another department or leasing equipment.

Johnson, therefore, completed the Departmental Capital Outlay Schedule (Exhibit 3-8) for general government, considering specifically the equipment needs of the accounting and payroll department (expenditure account 4005.15) and the partitioning for the private office for the accountant. The Departmental Capital Outlay Schedule is completed by department, by expenditure account for all of general government function.

**3.** In addition to salaries, travel, and capital outlay, Johnson must also consider all other operating expenditures for general government of the police jury and prepare budget estimates. Again, the amounts from the current year's budget are used for the requested budget. Even though inflation has, and will, continue to increase costs in several areas, Johnson has decided to set an example for other

parish departments by holding the line on operating expenditures.

### Exhibit 3-6

#### DEPARTMENTAL LEVEL BUDGET FORM - SALARY SCHEDULE

Department of General Administration, Police Jury Office

Parish of Lane

Fund(s): General

19X2 Budget Year

Date: Oct. 2, 19X1

Expenditure: 4000, General Government

Prep: Johnson

Account Number (1)	Position Title (2)	Current Positions (3)	No. (4)	Requested Type* (5)	Change (6)	Budget Request (7)	Budget Recomm'd. (8)	Board Action (9)
4001/10	Police Jurors	5/\$48,000				\$48,000		
<b>Subtotal</b>	<b>Ac. No. 4001</b>					\$48,000		
4002/10	Court Clerk	1/\$8,000	-0-	5%	\$400	\$8400		
4005/15	Accountant	1/\$15,000	-0-	5%	\$750	\$15,750		
4005/15	Account Clerks	2/10,000	-0-	5%	\$1,000	\$21,000		
<b>Subtotal</b>	<b>Ac. # 4005/15</b>					\$36,750		
4005/30	Purchasing Agt	1/\$12,000	-0-	5%	\$600	\$12,600		
<b>Grand Total</b>		<b>4000.00</b>	<b>General</b>	<b>Government</b>		<b>\$115,000</b>		

\*Indicate whether new positions, reclassifications, or salary changes



### Exhibit 3-7

DEPARTMENTAL LEVEL BUDGET FORM - TRAVEL SCHEDULE							
Department of General Administration/Police Jury Office							
Parish of Lane							
Fund(s): General			19X2 Budget Year			Date: Oct. 2, 19X1	
Expenditures: 4000 Series, General Government			Prep: Johnson				
Acct. No.	Name	Purpose of Travel		Narrative	Budget	Budget	Board
Pos. and Title	Destination	Dates	Justification	Request	Recom'd	Action	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
4001/10	Juror LW Green	Jury Convention	June 19X2	Represent Parish	\$350		
4001/10	Various Jurors	In-Parish Travel	Monthly	Parish Business	\$1,000		
Subtotal		4001/10			\$1,350		
4002/10	Sue Ellis (Clerk)	In-Parish Travel	Monthly	Court Business	\$200		
4005/15	L. Jones (Acct)	Workshops	TBA	Professional Development	\$250		
4005/15	M. Thom (Clerk)	Workshops	TBA	Professional Development	\$500		
4005/15	Jones & Thom	In-Parish Travel	Monthly	Parish Business	\$250		
Subtotal		4005/15			\$1,000		
4005/30	T. Smith (Purch)	Visit Vendors	Monthly	Parish Business	\$250		
Grand Total		4000/00 General Government			\$13,000		

\*For unusual travel requests, attach a narrative statement detailing the requests.

### Exhibit 3-8

DEPARTMENTAL LEVEL BUDGET FORM - CAPITAL OUTLAY SCHEDULE							
Department of General Administration/Police Jury Office							
Parish of Lane							
Fund(s): General				19X2 Budget Year		Date: Oct. 2, 19X1	
Expenditures: 4000 Series, General Government				Prep: Johnson			
Account No. (1)	Department (2)	Capital Outlay Item (3)	Justification (4)	Recurring) Maintenance (5)	Budget Request (6)	Budget Recom'd (7)	Board Action (8)
4002/10	District Court	Typewriter	Old One Broken	\$25/yr.	\$750		
	SubTotal	4002/10			\$750		
4005/15	Accounting	Calculator (2)	Replacements		\$350		
4005/15	Accounting	Desk (1)	Replacements		\$300		
4005/15	Accounting	Bookcase (1)			\$100		
4005/15	Accounting	Partition	Accountant's Office		\$1,250		
	SubTotal	4005/15			\$2,000		
4005/50	Purchasing	Bookcase	Manuals		\$175		
	Grand Total	4000	General Government		\$7,200		

Even though a governing authority may not require certain forms to detail budget requests for certain operating expenses, it is important that each department head maintain records of how those estimates were completed, as such records are valuable in controlling parish expenditures and reviewing budget position during the year.

4. Finally, the Secretary-Treasurer completes the Departmental Appropriations Request (Exhibit 3-9), which details the requested budget for the general government function of the General Fund of the police jury. This form reveals at a glance the total request for each major activity and object within the general government function of the jury and correlates with the 4000 series expenditure accounts of the General Fund. Johnson completes the mechanistic process of filling out the form by adding up the requests by

function, activity, and object of expenditures and placing the totals in the appropriate lines and columns. The form provides information on three fiscal years, so it is necessary for Johnson to refer to the expenditures of the last completed year and to make estimates of the expenditures for the incomplete, current year.

5. Up to this point, Johnson has only concerned herself with the general government function of the General Fund budget. However, as previously mentioned, she has the responsibility of preparing budget requests for capital outlay of the Capital Project Funds and debt retirement of the Debt Service Fund.

The jury has agreed to undertake the renovation of the parish museum. The project is to be funded from three sources: 1) a federal grant of \$200,000, 2) a state grant of \$100,000, and 3) general obligation bonds of \$100,000. The total cost of the project is estimated to be \$400,000. Johnson prepares a Capital Outlay Schedule (Exhibit 3-10) for the museum renovations and prepares a department budget form Appropriations Request (Exhibit 3-11) for the Capital Project Fund.

6. Johnson now prepares a department budget form Appropriations Request (Exhibit 3-12) for the debt retirement activity of the Debt Service Fund. State law for Lane Parish requires certain information on outstanding debt and the balance in the Debt Service Fund, so that information is provided on the request.

### Exhibit 3-9

DEPARTMENTAL LEVEL BUDGET FORM - APPROPRIATIONS REQUEST								
Department of General Administration/Police Jury Office								
Parish of Lane								
Fund(s): General			19X2 Budget Year			Date: Oct. 2, 19X1		
Expenditures: 4000 Series, General Government						Prep: Johnson		
Number (1)	Accounting Obj. (2)	Title (3)	Last Compl Year (4)	Est Current Year (5)	Budget Request (6)	Budget Recom'd (7)	Board Action (8)	Explanation (9)
4001/10	100.00	Salaries	\$37,000	\$48,000	\$48,000			
4001/10	400.00	Travel	\$1,000	\$1,350	\$1,350			
		<b>Subtotal 4001/10</b>	<b>Governing</b>	<b>Body</b>	<u>\$49,350</u>			
4001/15	200.00	Operating Services	\$750	\$1,000	\$1,000			
4001/15	100.00	Salaries	\$33,100	\$33,000	\$35,000			
4001/15	150.00	Employee Benefits	\$2,900	\$2,900	\$3,100			
4001/15	200.00	Operating Services	\$12,000	\$14,000	\$14,000			
4001/15	300.00	Material & Supplies	\$4,000	\$5,000	\$5,000			
4001/15	410.00	Travel	\$800	\$995	\$1,000			
4001/15	600.00	Capital Outlay	\$500	\$500	\$2,000			
		<b>Subtotal 4005/15</b>	<b>Accounting</b>	<b>/Payroll</b>	<u>\$60,100</u>			
<b>Grand</b>	<b>Total</b>	<b>4000 Gen. Gov't</b>	<b>\$209,000</b>	<b>\$218,000</b>	<b>\$243,800</b>			

**Exhibit 3-10**

DEPARTMENTAL LEVEL BUDGET FORM - CAPITAL OUTLAY SCHEDULE							
Department of Museum Parish of Lane							
Fund(s): Capital Project Fund		19X2 Budget Year			Date: Oct. 2, 19X1		
Expenditures: 4506/00 Renovations to Museum					Prep: Johnson		
Account No. (1)	Department (2)	Capital Outlay Item (3)	Justification (4)	Recurring) Maintenance (5)	Budget Request (6)	Budget Recom'd (7)	Board Action (8)
4506\00	General	Renovation to Museum	Authorized by voters and jury	(\$2,000/yr)	\$100,000		
<p>This is a 3 year project to renovate the parish museum. Funding:</p> <p>State Grant \$100,000</p> <p>Federal Grant \$200,000</p> <p>GO Bonds \$100,000</p> <p>It is estimated that renovations will reduce annual maintenance by \$2,000 a year.</p>							

**Exhibit 3-11**

DEPARTMENTAL LEVEL BUDGET FORM - APPROPRIATIONS REQUEST								
Department of Museum Parish of Lane								
Fund(s): Capital Projects Funds			19X2 Budget Year			Date: Oct. 2, 19X1		
Expenditures: 4506.00, Renovations to Museum						Prep: Johnson		
Number (1)	Accounting Obj. (2)	Title (3)	Last Compl Year (4)	Est Current Year (5)	Budget Request (6)	Budget Recom'd (7)	Board Action (8)	Explanation (9)
4506/00	660.00	Building Renovation	-0-	\$100,000	\$100,000			
		Transfer to close old construction fund			1,330			
<b>Grand Total</b>					<u>\$101,330</u>			

**Exhibit 3-12**

DEPARTMENTAL LEVEL BUDGET FORM - APPROPRIATIONS REQUEST								
General-Debt Retirement								
Parish of Lane								
Fund(s): Debt Service Funds			19X2 Budget Year			Date: Oct. 2, 19X1		
Expenditures: 4751 & 4753, Museum Bonds and Road Lighting Bonds						Prep: Johnson		
Number	Accounting	Title	Last Compl	Est Current	Budget	Budget	Board	Explanation
(1)	Obj.	(3)	Year	Year	Request	Recom'd	Action	(9)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
4753/00	520.00	Interest	-0-	-0-	\$8,000			
4751/00	510.00	Principal			10,000			
		Total Museum Bonds			<u>\$18,000</u>			Advalorem estimated at \$21,500
		Statutory Information:						
		Outstanding			\$90,000			
		Bonds						
		Balance in Debt Service Fund			\$15,000			
4753/00	550.00	Interest	\$25,000	\$23,000	\$21,000			
4751/00	510.00	Principal	\$27,000	30,000	32,000			
		Total Road Lighting Sinking Fund			<u>\$53,000</u>			Advalorem estimated at \$53,200
		Statutory Information:						
		Outstanding Bonds			\$175,000			
		Debt Service Balance			\$31,000			

# CENTRAL ADMINISTRATIVE REVIEW OF DEPARTMENTAL BUDGETS

The department heads submit their completed budget requests to the chief fiscal officer. The chief fiscal officer is responsible for the next step in the budgetary process: developing a proposed budget for the governmental unit, including recommended appropriation levels (budgets) for each department which can be presented to the governing body for their consideration.

The fiscal officer must overcome numerous difficulties in this stage of the budgetary process. The first is the fact that the total of the departmental requests usually exceeds the expected revenues for the year. Also, the fiscal officer must evaluate each department's specific requests. The fiscal officer must determine whether the requests are appropriate, and whether they can be reconciled with the budget guidelines established at the start of the process by the governing body. For example, if the governmental unit intends to reduce taxes or to undertake a major new capital projects program, the fiscal officer may have to curtail allocations to other activities, which the department heads want funded.

Throughout this stage of the budgetary process, it may be desirable for the fiscal officer to consult with members of the governing body, especially if it appears that the governing body's budgetary guidelines might be difficult to achieve or if unusual problems arise. Executive workshops, in lieu of formal meetings, would provide opportunities for review of and input into budgetary issues by the governing body in an informal setting.

This section of the manual can guide the fiscal officer in developing a proposed budget for presentation to the governing body. The central administrative review of departmental budget requests can be summarized in a Budget Review Memorandum prepared by the reviewing official. The purpose of the memorandum is to set out in writing, completely but as briefly as possible: 1) the findings resulting from review of the requested budget, 2) the recommended departmental budgets, and 3) the reasons why specific appropriation levels are being recommended for each department. The memorandum will cover the total requested budget and, if necessary, the itemized personnel, travel and capital expenditures.

Even if the requested departmental appropriations fall within the established budgetary guidelines, the appropriateness of the total request must be determined. This means asking such questions as:

1. Has all the requested information been provided and is the arithmetic correct?
2. Are the individually requested line-item appropriations justified and realistic?

The first question is easily answered by checking the departmental budget forms for missing information

and for errors in addition, subtraction, multiplication, and division. The latter can be quickly corrected, and the former can be readily requested from the department.

The second question is more difficult. Here the concern is with the need for programs and service levels, and the basis on which the budgetary calculations have been made. Essentially, these questions can only be answered on an informed basis. Informed decision making means securing information about departmental programs and services on which decisions can be based. There are three ways to obtain such information:

1. Performance reports -- If the department provides nonfinancial information about its operation, such as workload and productivity measures, this information can be used to assess departmental efficiency and effectiveness. Performance information can be valuable if it is regularly collected by the parish administration about all departments and retained as part of a central records system, thereby permitting comparison of performance among all departments over time.
2. Independent research -- The administration can perform, or hire specialists to perform, evaluations, cost-benefit analyses, productivity analyses and program audits. Such studies can be used to analyze specific problem areas or assess departmental performance. It is unlikely that very many governments have this capability at the present time.
3. Available reports and studies -- Governmental departments routinely issue numerous reports throughout the year, ranging from press releases, to program status reports (for federal and state funding agencies), to detailed annual reports. Copies of all available reports should be maintained in a separate file for each department. These reports are the most readily available sources of information on departmental activities. The administrative reviewer will find such files helpful in judging whether a department's requests are appropriate and realistic.

## **Personnel Costs**

One of the major cost to government is the people it employs. While people are essential to the delivery of public services, the determination of "adequate" staffing remains an important element within the budgetary process. Parish departments which have no responsibility for raising revenue, and those which are blessed with independent financial resources, may often approach staffing needs in one way while the parish administration, concerned with taxes and competing programs, may see staffing needs quite differently. The objective of the central administrative review of departmental personnel requests should be to assure that a sufficient level of staffing is provided for each department, given other competing needs and limited resources.

A variety of techniques are available to the fiscal officer in reviewing and, if necessary, in challenging departmental requests for personnel appropriations:

1. Position chart -- This table, showing the approved staffing for each department, can be compared with the departmental budget request to determine the extent to which the requested personnel appropriation affects both overall personnel levels and distribution.
2. Trend analysis -- Compare the level and distribution (number of positions by type of position) over a period of time as a means of identifying trends within and among departments.
3. Comparison with performance reports -- If they are available, use reports on workload, productivity, and other information to assess whether or not the departments are efficiently utilizing their personnel.
4. Classification plans -- Determine that the requested positions are consistent with the parish's personnel classification plan.
5. Authorized vs. filled positions -- Determine a) how many of the presently authorized positions are

actually filled, b) whether vacancies are temporary, and c) problems associated with finding qualified applicants willing to accept the positions.

6. Employee turnover -- A high rate of employee turnover in certain positions indicates that those positions will be temporarily vacant for a part of the fiscal year, and that salary and benefit appropriations can be reduced somewhat in those categories. A high turnover rate also indicates that employees in that position will have lower productivity until they have received training and experience at their jobs.

7. Review of overtime -- Either high or low rates of overtime may indicate poor management and the need for corrective action. Excessive overtime can indicate that departments and employees are abusing overtime as a means of adding to the employees' base pay. Minimum overtime could suggest overstaffing, that the department has staff to meet all contingencies, with the result that some employees have little to do much of the time. These situations can be evaluated through random visits to departmental offices and performance reports.

8. Review of sick and annual leave -- Excessive leave use can increase departmental personnel needs and, thereby, increase appropriations.

9. Quality of the work force -- Compare current employees' knowledge, skills, and experience with those needed to perform the various jobs they hold.

10. Impact of new facilities/equipment -- New buildings may mean that fewer or more personnel will be necessary, depending on whether the facilities are replacements or additions to the current inventory. Also, the age of buildings is important to maintenance personnel needs. New equipment may increase productivity, but it may also require better-skilled employees, thereby having no total effect on personnel appropriations.

11. Administrative procedures -- A department that grows over a period of time without any change in organization or procedures may be a prime candidate for reorganizing the work in a way that will reduce personnel needs.

12. Personal service contracts -- Reductions or hold-the-line limitations can sometimes be circumvented by the use of personnel service contracts, which may (or may not) be more cost-effective than hiring additional full or part-time personnel or paying overtime.

## **Equipment Cost**

The decision to purchase, lease or rent major equipment and furniture items, such as copy machines, vehicles, and desks, should be the result of careful planning and analysis. Sufficient time should be allowed to calculate the expected costs and benefits from the procurement of a given equipment or furniture item. The costs and benefits should be calculated for the expected life of the equipment (life cycle costing) and should include consideration of:

1. The impact on personnel, both in terms of the number of employees to be added or eliminated and the knowledge, skills, and abilities required to operate the equipment.
2. The impact of the proposed item on the department's productivity.
3. The comparative cost of purchasing vs. leasing vs. renting the proposed item and non-cost factors which might affect the decision.
4. The feasibility of delaying the proposed procurement.

## **Capital Outlay**

The selection of capital projects should be made in accordance with established priorities and available funding. The priorities should be set by the governing body, based on the recommendations of a professional planning staff when possible. Priorities will be affected by long-term needs determined by such factors as population growth, economic development and environmental concerns, and by short-term needs affected by the problems of individual neighborhoods, accidents, and natural disasters.

Once priorities have been established, the central administrative review should result in the selection of capital projects which 1) address the highest priority capital needs and 2) can be carried out within the financial limitations imposed on the governmental unit by law, economic conditions, and parish policy. Within these financial limitations, the following general guidelines should be followed:

1. Multi-year projects already underway should normally be completed; however, under certain circumstances (such as excessive cost overruns) such projects might be cancelled.
2. Planning for high-priority projects should be given preference over starting low-priority projects for which planning has been completed.
3. Costly low-priority projects should be carefully reviewed, especially with regard to future year financing of other high-priority projects.
4. Capital projects to be financed with significant outside revenues should be given preference over those which must be financed primarily out of revenues of the governmental unit.
5. The financial impact of costly capital projects on other parts of the budget, especially in future years, must be recognized and assessed. While the project may be so important that it must be undertaken, regardless of cost, the financial impact on future budgets must be calculated and adjustments made. However, any possible drain on resources (such as required matching funds and future operating costs) should be considered.
6. Duplicate and overlapping projects should be eliminated. There is no point in solving the same problem several times.
7. Projects should be sequenced, when possible, so as to minimize the need for constantly reconstruction of the same facility; for example, street improvements should be coordinated with water and sewer projects.
8. Projects which have a high potential for reducing or at least stabilizing future operating cost should frequently be undertaken, even if this means borrowing the money to pay for the project and paying interest on the borrowed money. The key question is whether the total cost of the project is more or less than the total cost of not doing the project over the expected life of the proposed facility. For example, building, buying, or renting an expensive, energy efficient building may be preferable to maintaining an energy-inefficient building.
9. Inflation will have significant effects on future costs. Delaying the construction of capital projects could significantly raise the cost of those projects. However, the impact of inflation on the governmental unit's ability to finance the completion of multi-year projects might lead to some of these projects being disapproved, or delayed until alternative funding is secured.

### **Example Problem - Central Administrative Review of Departmental Budgets**

1. The first step in the central administrative review is to assess the appropriations of departmental budget request. This means examining the work programs of each department in relation to the requested appropriations. The total requested departmental budget should be reviewed in a critical fashion, with special emphasis on personnel, equipment and furniture, and capital projects. It must be



emphasized that the central administrative review will consist of reviewing all departmental budget requests. However, for the purpose of the example, only the review of the general government request and that of the Health Unit will be illustrated.

2. J. R. Johnson begins her review of the departmental budget requests with an assessment of the overall requested appropriations for the general government function (General Fund) and the health unit (General Fund). Of principal concern is whether the requested budget falls within the guidelines established for the departments earlier in the budgetary process, specifically in the Budget Memorandum sent to all departments. If the budget request exceeds those guidelines, the administrative reviewer must determine why the budget request exceeds them and whether the additional appropriations are justified.

Since Johnson prepared the general government budget request, it falls within the established budgetary guidelines. The director of the health unit has submitted a budget requesting an additional nurse's aide at \$6,000 annual salary plus \$1,000 in fringe benefits. The total of \$7,000 is the amount by which the health unit's request exceeds the current year budget (inclusive of the 5% salary adjustment) and, hence, the budgetary guidelines. The director of the health unit has attached statistical data on workloads to the Departmental Appropriation Request which tend to support the request for additional personnel. However, Johnson's review indicates that a number of other nurse positions remained vacant during the year without any serious problem in the delivery of services. She decides to deny the request. In all other categories, the appropriation request, by the health unit, is consistent with the current budget year and the budget guidelines previously established. The following is the budget request of the health unit with the amounts recommended based on the review performed by the central administrative staff:

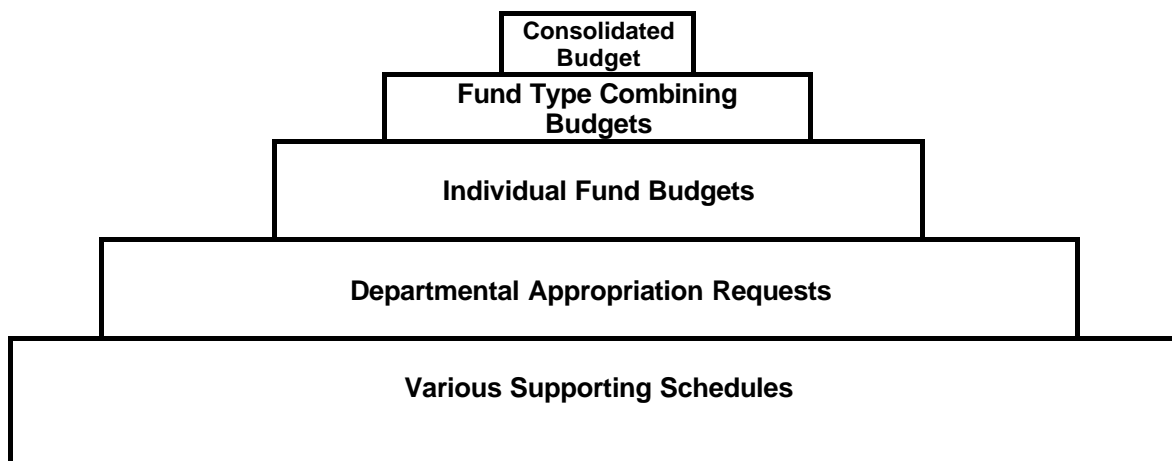
Object Code	Account Title	Requested Amount	Recommended Amount
120.00	Salaries	\$48,000	\$42,500
150.00	Fringe Benefits	7,500	6,500
322.00	Medical Supplies	5,000	5,000
310.00	Office Supplies	1,200	1,200
200.00	Communications	3,000	3,000
Total Health Unit		<u>\$65,200</u>	<u>\$58,200</u>

3. After a review of all departmental budgets, Johnson will complete the column "recommended amount" on all the budget forms and prepare the Budget Review Memorandum to document the amounts recommended and the reasons for such.

## PREPARING THE RECOMMENDED BUDGET

Upon completion of the central administrative review, the fiscal officer will assemble the proposed annual budget for submission to the governing body. This "budget package" will contain information that the governing body will need to make financial decisions concerning both total and individual departmental appropriations.

The budget building process consists of organizing and summarizing departmental appropriation requests to individual fund budgets, combining like fund budgets to create fund type budgets, preparing a consolidated budget to reflect appropriations request by fund type, for all funds, preparation of a consolidated capital outlay request, preparation of a consolidated debt service request, and the preparation of a budget message and adoption resolution. The budget building process parallels the reporting process in which detailed budget information is summarized at different levels. The process resembles a budgeting pyramid:



Budget forms and detailed information at the bottom of the pyramid are the basis for, and support of, the budget forms found at higher levels of the pyramid. This approach to budget building supplies a variety of detailed information which may be used by a variety of potential users. Certain users may need only the

consolidated information, while other users, such as the governing body, may be concerned with the detail found in some of the schedules.

The completed budget document is normally transmitted to the governing body through the use of a "budget message." This letter consists of a narrative description and analysis of the important features of the proposed budget, supplemented, where appropriate, by charts and graphs. The budget message summarizes the important features of the proposed budget, therefore making it potentially useful to the public (see Exhibit 3-13). Additionally, most fiscal officers will include a proposed adoption resolution for the governing body's consideration (Exhibit 3-14).

### **Example Problem - Preparing the Recommended Budget**

1. Johnson begins preparing the recommended budget by summarizing Departmental Appropriation Requests into Individual Fund Budgets (Exhibit 3-15).
2. Next, Johnson transfers the individual fund budget information to the consolidated budget form to create a budget for the entire governmental unit (Exhibit 3-16). (It is noted that those units of government with multiples of a fund type may want to include the form shown on Appendix 3-A, page 8, to summarize individual fund budget information before transferring to the consolidated budget form.)
3. Next Johnson prepares the Consolidated Capital Outlay Request (Exhibit 3-17) and the Consolidated Debt Service Request (Exhibit 3-18).
4. Johnson prepares the Budget Message (Exhibit 3-13) and the Proposed Budget Adoption Resolution (Exhibit 3-14).
5. Johnson transmits the proposed budget document to each member of the governing body and places the proposed budget prominently within the governing body's main office for public inspection.

### **Other Budgetary Information**

The previous information is considered a skeleton of information normally needed during the budgetary process. However, financial managers should consider total informational needs during the budgetary process and make an effort to meet the needs of all potential users. State law, local ordinance, federal, state and private grants, or certain contractual provisions may call for additional information to be supplied during the budgetary process.

## EXHIBIT 3-13

### BUDGET MESSAGE

Members of the Police Jury:

I submit to you the budget for the fiscal year 19X2, beginning January 1, 19X2. This budget represents a continuation of present service levels. The budget is fiscally conservative and expenditures are budgeted within anticipated revenues. The amounts included within the budget are based on cash estimates. The budget documents attached include anticipated revenues and expenditures for the General Fund, the Special Revenue Funds, the Debt Service Funds, the Capital Project Funds and the Proprietary Funds. Additionally, the document provides significant information on the various programs of the jury. There are certain significant aspects of the budget which are detailed below.

#### GENERAL FUND

The General Fund includes a 5% pay raise for the jury employees, pursuant to the desires of the jury.

#### DEBT SERVICE FUNDS

The budget includes \$71,000 for the annual debt service requirements. As of the close of the ensuing budget year, we will have remaining \$265,000 in outstanding bonds. The debt service fund presently contains some \$30,800 that is sufficient to meet the reserve requirements required by the bond indenture.

#### CAPITAL PROJECT FUNDS

The ensuing budget year represents the commencement of the museum renovation project at a cost of \$400,000. Local funds of \$100,000 will fund a portion of the project through the issuance of general obligation bonds. Additionally, we anticipate receipt of federal and state monies to match our local funds.

We have attempted to present a budget to you that will be helpful in your formulating a financial plan for the ensuing budget year. I will be available for any information or help that you may need in interpreting specific items of the budget. Additionally, should your consideration and the public hearing result in adjustments to this document, I am prepared to incorporate those into this document.

Sincerely,

Secretary-Treasurer

**EXHIBIT 3-14**

**PROPOSED BUDGET RESOLUTION**

**RESOLUTION NO. 179**

A Resolution Adopting an Operating Budget of  
Revenues and Expenditures for the Fiscal Year  
Beginning January 1, 19X2, and Ending  
December 31, 19X2.

BE IT RESOLVED BY THE POLICE JURY OF LANE PARISH, convened in general session, that:

SECTION 1: The attached detailed estimate of Revenues for the fiscal year beginning January 1, 19X2, and ending December 31, 19X2, be and the same is hereby adopted to serve as an Operating Budget of Revenues for the Jury, during the same period.

SECTION 2: The attached estimates of Expenditures by departments for the fiscal year beginning January 1, 19X2, and ending December 31, 1982, be and the same is hereby adopted to serve as a budget of Expenditures for the Jury during the said period.

SECTION 3: The adoption of this Budget of Expenditures be and the same is hereby declared to operate as an appropriation of the amount therein set forth within the terms of the budget classifications.

SECTION 4: Amounts are available for expenditures only to the extent included within the 19X2 budget.

SECTION 5: The secretary-treasurer may authorize transfers between line items of expenditures within a function or department, provided that such transfers shall not exceed 10% of the total departmental/function budget. All other budget adjustments must be approved by the jury as a whole.

PASSED AND ADOPTED AT Lane, Louisiana, on this the 27th day of December, 19X2.

PRESIDENT OF THE JURY

ATTEST:

SECRETARY-TREASURER

**EXHIBIT 3-15**

Prepared by: Johnson		Lane Parish Police Jury		19X2 Budget Year	
Dte: 10/15/82		General Fund			
INDIVIDUAL FUND BUDGET					
Source/Appropriation	Last Completed	Current	Budget Request	Budget	Board
(1)	Fiscal Year	Fiscal Year	(4)	Recommended	Action
	(2)	(3)		(5)	(6)
REVENUE SOURCES					
Estimated Beginning Fund Balance	\$130,440	\$218,940	\$236,940		
Current Year Revenues, by Source:					
1. Local Taxes	1,375,000	1,365,000	1,371,000		
2. Licenses and Permits	297,000	297,000	300,000		
3. Intergovernmental Revenues	400,000	400,000	409,000		
4. Fees, Commissions and Charges	2,000	2,000	2,000		
5. Use of Money and Property	3,500	4,000	6,000		
TOTAL ESTIMATED REVENUE	2,207,940	2,286,940	2,324,940		
APPROPRIATIONS					
1. General Government	209,000	218,000	243,800		
2. Public Safety	170,000	180,000	186,680		
3. Public Works	872,000	900,000	900,000		
4. Health and Welfare	700,000	710,000	711,200		
5. Education	9,000	9,000	20,000		
6. Culture and Recreation	20,000	23,000	23,260		
7. Economic Development	9,000	10,000	10,000		
TOTAL APPROPRIATIONS	1,989,000	2,050,000	2,084,940		
ESTIMATED ENDING FUND					
BALANCE	\$218,940	\$236,940	\$240,000		

**EXHIBIT 3-16**

Lane Parish Police Jury Consolidated Budget Fiscal Year 19X2										
	Last Completed Fiscal Year (1)	Current Fiscal Year (2)	Total Recomm'd Budget (3)	General Fund (4)	Special Revenue Funds (5)	Capital Project Funds (6)	Debt Service Funds (7)	Special Assessmt. Funds (8)	Proprietary Funds (9)	Board Action (10)
REVENUE SOURCES										
Beginning Fund Balance	\$(373,834)	\$201,066	\$571,766	\$236,940	\$102,756	\$1,270	\$30,800		\$200,000	
Current Year Revenues:										
Local Taxes	1,380,000	1,395,700	1,483,080	1,371,000	380.00		74,700	37,000		
Licenses and Permits	297,000	297,000	300,000	300,000						
Intergovernmental Revenues	972,000	975,000	1,010,375	409,000	301,375	300,000				
Fees, Commissions, Charges	250,000	260,000	300,060	2,000		8,060			290,000	
Use of Money and Property	900.00	1,000	8,190	6,000	2,190					
Bond Proceeds			100,000			100,000				
Total Revenue	2,526,066	3,129,766	3,773,471	2,324,940	406,701	409,330	105,500	37,000	490,000	
APPROPRIATIONS										
General Government	209,000	218000.00	243800.00	243800.00						
Public Safety	170,000	180000.00	186680.00	186680.00						
Public Works	1,160,000	1346000.00	1650650.00	900000.00	307650.00			200000.00	243000.00	
Health and Welfare	700,000	710000.00	711200.00	711700.00						
Education	9,000	9000.00	10000.00	10000.00						
Culture and Recreation	28,000	30000.00	123260.00	23260.00		100000.00				
Economic Development	9,000	10,000	10000.00	10000.00						
Transfer of Equity			1330.00			1330.00				
Debt Service							71000.00			
Total Appropriations	2,325,000	2,558,000	3,007,920	2,084,940	307,650	101330.00	71000.00	200000.00	243000.00	
ENDING FUND BALANCE										
	\$201,066	\$571,766	\$765,551	\$240,000	\$99,051	\$308,000	\$34,500	\$(163,000)	\$257,000	
The special assessment deficit is caused by the method of accounting. It is not a budget deficit over the life of the project.										

**EXHIBIT 3-17**

<b>Consolidated Capital Budget Request</b> Lane Parish Police Jury - 19X2 Budget Year						
All Funds		Prepared by: JR Johnson				
Fund (1)	Department (2)	Outlay Description (3)	Amount (4)	Source of Funding (5)	Maintenance Cost (6)	Board Action (7)
General	General Gov't.	Office Equipment	\$7,200	General Revenue	\$25,/year	
Capital Projects	Museum	Museum Renovations	\$100,000	Bonds, grants, et cetera	(\$2,000)	

**EXHIBIT 3-18**

<b>Consolidated Debt Service Request</b> Lane Parish Police Jury - 19X2 Budget Year						
All Funds		Prepared by: JR Johnson				
Bond Issue (1)	Funding Source (2)	Last Maturity (3)	Principal and Interest (4)	Outstanding At Year End (5)	Balance in Debt Service Fund (6)	
19X0 Road Ltg. Bonds	Advalorem taxes	19X7	\$53,000	\$175,000	\$130,000	
19X2 Museum Bonds	Ad valorem taxes	19Z2	\$18,000	\$90,000	\$3,500	

# ADOPTING AND IMPLEMENTING THE BUDGET

The final stage of the budgetary process includes review and approval of the budget by the governing body and implementation of the approved budget. Budget review and approval is consistent with democratic government and involves both consideration by the elected governing body (official) and the opportunity for citizens to become better informed and to comment on the disposition of public revenues. Budget implementation involves assuring that the responsible public officials and employees properly carry out budgetary decisions and policies.

Citizen involvement includes: (1) adequate public notice and advertisement, (2) availability of the budget document for public inspection, (3) public budget hearings, and (4) adoption and amendment of the budget document as part of a formal public meeting. This gives citizens, department heads, and all interested parties the opportunity to express their interest in the appropriation of public resources. It should be noted that many state and federal assistance programs require citizen involvement in the budgetary process. Louisiana law requires certain advertisements and public hearings as part of the budgetary process.

Adoption of, and amendments to, the budget should be made by formal resolution of the governing body in an open meeting. The adopted budget and a copy of the adoption resolution should be transmitted to the chief fiscal officer. The adopted budget and all subsequent amendments should be maintained by the fiscal officer as formal documentation of the authority of the fiscal officer to approve and control transactions of the governmental unit during the coming fiscal year.

Adoption of an annual budget by a governmental unit does not end the budgetary process, but rather moves the process along to another phase--that of implementation. The budget is an operating plan expressed in dollars and cents; and the plan, once adopted, must be put into action. Responsibility for implementation lies primarily with the chief fiscal officer. The first step in budget implementation is publishing the adopted budget, or a summary of such, as a matter of public record and information. Budget information may be distributed through other media such as radio and television. One way of assuring compliance with budgetary policy is to make certain that employees and citizens are aware the policy.

With respect to internal financial control, the following steps should be taken immediately upon adoption of the budget:

- (1) Notify each department of its approved budget for the coming fiscal year.
- (2) Assure that the necessary budgetary accounts are recorded in the accounting records for the coming fiscal year.



- (3) Designate responsibility for monitoring the inflow of revenues. The revenue estimates for the budget are only estimates and actual revenues may vary greatly from the projections.
- (4) Monitor departmental purchases to assure that such purchases are made within budgetary, legal, and contractual restrictions.
- (5) Establish an effective financial reporting program that will keep management and the governing body appraised of the budgetary position on a current basis.

Some units of government utilize an allotment system of allocating the budget over the fiscal year. This system of allotments prevents department heads from overspending or spending their entire budget early in the fiscal year, with no funds available for program activities during the remainder of the fiscal year. The allotment system involves allocating some percentage of the departmental budget (1/12-monthly, 1/4 quarterly, or some other percentage, considering seasonal needs) as available and spendable to each department. In establishing the percentages and time periods covered, management must consider the benefits of such allotments versus the efforts involved, as well as the seasonable needs of certain departments.

The budget and the accounting system are highly interdependent. The successful use of each in meeting the financial planning and control objectives of a governmental unit depends on the successful use of both. Budgetary compliance requires the maintenance of accurate accounting records which parallel the budget; the usefulness of the accounting system depends in turn on a budget which has been developed, adopted, and implemented in an orderly manner. Many governmental units actually record their budgets in the accounting records. Doing so makes the budget a more powerful tool, as fiscal officers can easily compare budgeted amounts to actual and report their findings to the governing body.

The Governmental Accounting Standards Board (GASB) recognizes budgeting as an essential and integral part of public financial management and, therefore, recommends that governmental entities prepare and adopt a comprehensive budget covering all financial operations for each fiscal year. Specifically, generally accepted accounting principles suggests budgets for the General Fund and all Special Revenue Funds which are material to a governmental unit's operations. In fact, budgets for the General Fund and each special revenue fund are required by state law, the Local Government Budget Act. The actual relationship between a governmental unit's budgeting and accounting system is summed up by the following points:

- (1) The accounting system provides the basis for appropriate budgetary control.
- (2) Budgetary comparisons are included in the appropriate financial statements and schedules for governmental funds for which an annual budget has been adopted.

The financial planning (budgetary) process includes determining the kinds and levels of services that the governmental unit intends to provide during the fiscal year. Budgeting also includes the allocation of available resources among the several departments of the governmental unit and the services they provide. With the adoption of the financial plan (budget), the expenditure limits (appropriations) are the maximum expenditures authorized for each service or department during the fiscal year. These expenditure limits cannot be exceeded unless the governing unit specifically revises the approved budget. Governmental units have the option of allowing unexpended appropriations (amounts unexpended by departments at year-end) to lapse at the end of the fiscal year or to carry these appropriations forward.

Since budgetary compliance is a major feature of governmental finance, the GASB recommends that the budget be prepared on the same basis as the accounting system. For example, if the accounting records are maintained on a cash basis, so should the budget. If the accounts are maintained on a modified accrual or full accrual concept, so should the budget.

The financial operations of a governmental unit are evaluated against, and must comply with, the annual

budget. Budgetary accounting is, therefore, a means to achieve this compliance. Budgetary accounting simply means that the budgeted revenues and appropriations for the fiscal year are entered directly into the books of account. In this way, as revenues are received and expenditures made throughout the fiscal year, management and the governing body can readily determine the extent to which total revenues and expenditures (especially the latter) conform to the officially adopted annual budget.

Adoption of the annual budget by governmental units establishes the expenditure limits for individual services. The fiscal administration and the governing authority should require the individual departments to hold their expenditures within the limits established by the budgetary appropriations. Deviations from budgeted appropriations may be handled as follows:

- (1) If departmental expenditures apparently are going to exceed appropriations in total, the department must submit to the governing body (through the fiscal officer) a request for a budget amendment, which the governing body must act upon prior to the expenditure of funds which would cause an over-budget situation.
- (2) If revenues appear to be below budget estimates for the fiscal year, the fiscal officer should submit to the governing body a request for a budget amendment reducing departmental appropriations which, if approved by the governing body, would reduce anticipated expenditures to the level of estimated revenues, and as such would become the new departmental expenditure limit.
- (3) When revenues appear to exceed budgeted estimates for the fiscal year, the governing body may approve additional appropriations for existing programs or authorize funding of new programs, as long as such is approved prior to the expenditure of any amounts above that originally appropriated.

It is desirable that all the procedures and practices discussed in this chapter on budgeting be committed to writing as official policy of the governmental unit. When the governing board adopts this policy, it provides a document to communicate to all employees their responsibilities, the procedures, the timing, the documents, and the purpose of the budgetary process. It is also the basis of training new employees and requiring all employees to comply with the policies of the governing body.

### **Louisiana Revised Statutes Title 39, Chapter 9**

Governmental units have a responsibility to comply with the provisions of generally accepted accounting principles and the legal provisions of Louisiana law as they relate to budgeting. In that it is possible to comply with generally accepted accounting principles for budgeting and not comply with state law, and vice versa, fiscal officers should be knowledgeable of the budgetary practices required by both.

The following is a summary of the key elements contained in the Louisiana Local Government Budget Law, Title 39:1301-1315.

1. All political subdivisions with a general or special revenue fund must prepare budgets on these funds.
2. The budget document must include a budget message that describes the accounting basis on which the budget is based, significant changes in the budget from prior years, and significant matters included in the budget.
3. The budget document must include a proposed adoption ordinance that prescribes the authority of administrative officers to make changes in the budget and those powers reserved by the governing authority.
4. The budget document must include an estimate of beginning fund balance, revenues detailed as to source, expenditures itemized by function, character and object, and an estimate of the ending fund balance.
5. Proposed expenditures may not exceed available funds.
6. Units of government with anticipated expenditures of \$500,000 or more must comply with certain public participation privileges. These include public notices, public hearings, and a time frame by which such public participation must take place.

7. The act provides for the timely amendment of the annual budget.

Louisiana school boards must also comply with Revised Statute 17:88, and as such should read Titles 39 and 17 jointly to determine their statutory budget requirements.

## **Revenue Control**

While many units of government spend considerable effort in the control of budgeted expenditures, the control of revenue is often given little attention. Revenue control can be characterized as aggressive revenue collection.

Financial managers that have addressed revenue control have generated significant revenues for their respective governmental units. Aggressive assessment and collection efforts for sales taxes, licenses and fees, self-generated revenues, et cetera, have, generally, significantly increased governmental revenues.

## **Example Problem--Adopting and Implementing the Budget**

1. On December 5, 19X1, Secretary-Treasurer Johnson transmits the budget document to each juror and makes one copy available for public inspection within the police jury office. She posts a notice in the lobby of the courthouse that the proposed budget is available for inspection. Upon conference with the jury president, she determines that the public budget hearing will be held December 20, 19X1, a day before the regular monthly meeting.

2. Johnson causes an advertisement to be made in the official journal of the jury, advising the public of the availability of the proposed budget for public inspection, the public hearing to be held on the 20th, and a summary of the proposed budget. Since some of the federal and state financial programs require the publication of the proposed budget on these programs, she is careful to specifically include this detail. The advertisement is made on December 6th.

3. On December 20, 19X1, the public hearing is held. On December 21, 19X1, based on the public hearing, citizen input, and a detailed review by the jury as a whole, the budget is adopted at the regular monthly jury meeting. On December 27, 19X1, Johnson advertises in the official journal that the jury has adopted the 19X2 budget and provides summary information on budgeted expenditures, by fund.

4. Johnson in a memo to various departmental officials advises them of departmental budgets and their responsibility. She records the budget within the jury's accounting records and prepares a file to include the budget, any amendments, and copies of all the accounting entries used to record the budget and subsequent adjustments.

5. Johnson prepares a policy manual for approval by the jury for the establishment of her cash management and investment program.

# BUDGETARY ACCOUNTING

A budget is a financial plan. It provides a means by which the governmental unit's financial manager can set revenue and expenditure targets for the coming year, thereby providing improved performance of the control over governmental operations.

The governing body authorizes expenditures by making an *appropriation*. Appropriations are authorized spending limits and do not represent cash on hand. Cash becomes available throughout the year as revenues are actually collected and, consequently, expenditures must be distributed throughout the year so that cash is available to meet the governmental unit's commitments, such as payroll and vendor payments.

Recording the adopted budget in the accounts of the governmental fund types is unique to government accounting. A separate group of accounts called *budgetary accounts* is used to record budget information in the accounting system.

The *planned revenues* are recorded by debits to the budgetary account "Estimated Revenue," and *budgeted expenditures* (or appropriations) are recorded by credits to the budgetary account "Appropriations." If the total of planned revenues is not equal to the total of budgeted expenditures, the difference between these two totals is a planned increase or decrease in fund balance.

## Example

(1) The Lane Parish Police Jury approved a budget for the coming fiscal year that included planned revenues of \$550,000 and authorized expenditures of \$400,000 for the General Fund. The entry to record this budget in the accounting records is:

19X2		DR	CR
1-1	Estimated Revenues	\$550,000	
	Appropriations		\$400,000
	Fund Balance		\$150,000
	To record the adopted budget for fiscal year ending December 31, 19X2.		

The detail of estimated revenues and budgeted expenditures would then be posted to the current year subsidiary accounts of revenues and expenditures.

This entry shows that the Lane Parish Police Jury expects to increase the parish's fund balance by \$150,000 in the budget year. It is not necessary that the revenue debits and expenditure credits equal. It

is necessary that total debits equal total credits, when considering the amount debited or credited to fund balance.

(2) If the Lane Parish Police Jury had planned revenues of \$400,000 and had authorized expenditures or appropriations of \$550,000 for the General Fund, the entry would have been:

19X2		<u>DR</u>	<u>CR</u>
1-1	Estimated Revenues	\$400,000	
	Fund Balance	\$150,000	
	Appropriations		\$550,000
	To record the adopted budget for fiscal year ending December 31, 19X2.		

In this case, the police jury planned to decrease the parish's fund balance by \$150,000, assuming that such an amount was available in fund balance.

The purpose of the budgetary accounts is to facilitate financial control over revenues and expenditures. At any time, the balances in the revenue accounts can be compared with the balances in the estimated revenue accounts to determine if revenue is being collected as planned. If actual revenues are falling short of planned revenues, the governing body can take appropriate action. By comparing the following accounts, one can determine that less than half the planned revenues have actually been earned.

BUDGETARY ACCOUNT		REVENUE ACCOUNT	
Estimated Tax Revenue		Tax Revenue	
DR	CR	DR	CR
\$1,000,000			\$400,000

Likewise, the balances in the expenditure and appropriations accounts can be compared to determine the unexpended (unspent) balance of appropriations. The following accounts show the library has \$1,800 in appropriations left to spend on office supplies for the remainder of the fiscal year.

BUDGETARY ACCOUNT		EXPENDITURE ACCOUNT	
Appropriations-Library, Office Supplies		Library, Office Supplies	
DR	CR	DR	CR
	\$5,000	\$3,200	

It is important to keep timing factors in mind when making these comparisons. The collection of revenue and expenditures do not always take place in equal proportion with the passage of time. For example, most ad valorem taxes are collected early in the calendar year. This fact must be considered when comparing revenue to estimated revenue accounts.

In addition, the timing of revenue collections and expenditure payments must be evaluated; generally, referred to as some sort of cash flow analysis. A government may indeed have a balanced budget but have cash flow problems because of an uneven flow of revenues and expenditures. This normally necessitates some sort of budgetary borrowing, unless fund balance is sufficient to absorb these timing differences.

## Budget Amendments

The entries to record budget amendments follow the methodology previously discussed. An anticipated increase in expenditures is recorded as a credit to "Appropriations," while a decrease is recorded as a debit. Likewise, an anticipated increase in revenues is recorded as a debit to 'Estimated Revenues,' while

a decrease is recorded as a credit. The offsetting credit, or debit as the case may be, is dependent on the source of funding or the use of the funding.

### Example

(1) The Lane Parish Police Jury anticipates an increase of \$5,000 in the collection of fees and charges over budgeted amounts. At the same time, the jury has a request from the library for an additional appropriation of \$6,000. Through a formal budget amendment, the jury resolves to amend the budget for these amounts, funding the additional \$1,000 from fund balance. The entry to record the amendment follows:

19X2		<u>DR</u>	<u>CR</u>
11-1	Estimated Revenues	\$5,000	
	Appropriations		\$6,000
	Fund Balance	\$1,000	
	To record the budget amendment adopted Nov. 1, 19X2		

(2) The Lane Parish Police Jury has a request from public works for an additional \$4,000 in appropriations. The jury feels those funds can be transferred from the public safety budget. The entry to record the adopted budget amendment follows:

19X2		<u>DR</u>	<u>CR</u>
11-1	Appropriations-Public Safety	\$4,000	
	Appropriations-Public Works		\$4,000
	To record the budget amendment adopted Nov. 1, 19X2		

### Closing Entry

Prior to closing revenue and expenditure accounts, the budgetary accounts should be closed. The Estimated Revenue Account is debited and the Appropriations Account is credited, with the offsetting amount debited or credited against fund balance. In this manner, all budgetary accounts are closed.

### Example

(1) At December 31, 19X2, prior to closing the revenue and expenditure accounts, the Lane Parish Police Jury must close its budgetary accounts. The Estimated Revenue Account has a balance of \$555,000 and the Appropriations Account has a balance of \$406,000. The closing entry follows.

19X2		<u>DR</u>	<u>CR</u>
12-31	Estimated Revenues		\$555,000
	Appropriations	\$406,000	
	Fund Balance	\$149,000	
	To close the budgetary accounts effective December 31, 19X2		

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# Local Government Budget Forms Appendix A



# PARISH BUDGET FORM-REVENUE HISTORY ANALYSIS

Prepared by: \_\_\_\_\_ Parish of \_\_\_\_\_ Date: \_\_\_\_\_

1. Revenue Source and Account Number:

2. Year: 19\_\_ 19\_\_ 19\_\_ 19\_\_ 19\_\_

3. Amount: \$\_\_\_\_\_ \$\_\_\_\_\_ \$\_\_\_\_\_ \$\_\_\_\_\_ \$\_\_\_\_\_

4. % Change from Prior Yr. \_\_\_\_% \_\_\_\_% \_\_\_\_% \_\_\_\_% \_\_\_\_%

5. Remarks



### INSTRUCTIONS FOR THE REVENUE HISTORY ANALYSIS

1. Revenue source and account number (Line 1)-- Enter the name of the revenue source and the corresponding account number from the chart of accounts.
2. Year (Line 2)-- Indicate, in the appropriate blank spaces, the four fiscal years prior to the current budget year.
3. Amount (Line 3)-- For each year, enter the total amount of revenue received from this source; for the current year use the estimated revenue figure from the current budget, noting any discrepancies between estimated and actual current year revenues under "Remarks" below.
4. Percent change from prior year (Line 4)-- For each year, indicate the percent increase or decrease in revenue from prior year.
5. Remarks (Line 5)-- Insert any needed explanation or other comments which will assist in interpreting the financial history of this revenue source.

## Date: \_\_\_\_\_

Remarks

[illegible]

### INSTRUCTIONS FOR THE SUMMARY REVENUE ESTIMATE FORM

1. Account classification (Columns 1 and 2) -- Enter the appropriation account number and title as listed in the chart of accounts for each revenue source. The revenue sources should be listed by fund, by account number to facilitate transfer of the information to the individual fund statements.
2. Fund (Column 3) -- For each revenue source, identify the accounting fund to which the revenue is to be allocated.
3. Current Year Budget (Column 4) -- For each revenue source, enter the appropriation for the current year.
4. Current Experience (Column 5) -- For each revenue source, enter the amount estimated to be collected for the entire current fiscal year.
5. Budget Estimate (Column 6) -- For each revenue source, enter the projected amount to be collected during the coming fiscal year.
6. Remarks (Column 7) -- Enter any additional comments or computations needed to explain the revenue estimates.

Department of \_\_\_\_\_  
Parish of \_\_\_\_\_

Date: \_\_\_\_\_

Prep:

\* Indicate whether new positions, reclassifications, or salary changes.

### INSTRUCTIONS FOR DEPARTMENTAL SALARY SCHEDULE

1. Account Number (Column 1) -- Enter the functional expenditure account number to which the position classification is to be charged.
2. Position title (Column 2) -- Enter the title of each position classification which is currently authorized or which will be affected by a requested personnel action.
3. Current position: number/amount (Column 3) -- Enter the number of positions currently authorized for each classification and the total amount of salaries incurred for these positions annually.
4. Requested changes (Column 4-6) -- Enter the number of new positions (Column 4), the type of change requested (Column 5), and the total change in compensation requested (Column 6).
5. Budget request (Column 7) -- Enter the requested appropriations for each position title.
6. Budget recommendation (Column 8) -- Reserved for use by the chief fiscal officer.
7. Board action (Column 9) -- Reserved for use by the governmental unit's governing body.

Date:  
Prep:

[illegible]

### INSTRUCTIONS FOR DEPARTMENTAL TRAVEL SCHEDULE

1. Account number (Column 1) -- Enter the functional expenditure account number to which the travel will be charged.
2. Name and position title (Column 2) -- Enter the name and position of every employee for whom a travel appropriation is requested.
3. Purpose of travel/destination (Column 3) -- Indicate whether request for travel appropriation is for local or out-of-town travel, including the name of the city/parish to (within) which the employee will travel.
4. Dates away (Column 4) -- Indicate dates on which the employee will be in travel status. Local travel is normally estimated for the entire twelve-month period (the fiscal year).
5. Narrative justification (Column 5) -- Give the justification for each travel request, e.g., the employee involved may be an officer of a particular organization; the governmental unit may wish to keep abreast of technical advances in certain fields; or government employees may need to travel extensively in order to perform their jobs.
6. Budget request (column 6) -- Enter the total amount for each travel appropriation request.
7. Budget recommendation (Column 7) -- Reserved for use by the chief fiscal officer.
8. Board action (Column 8) -- Reserved for use by the governing body.

[illegible]



### INSTRUCTIONS FOR DEPARTMENTAL CAPITAL OUTLAY SCHEDULE

1. Account number (Column 1) -- For each capital outlay item enter the functional expenditure account number to which the item will be charged.
2. Department (Column 2) -- Enter the department (and fund if applicable) to which the item will be charged.
3. Capital outlay item (Column 3) -- Enter a description of the capital outlay item requested.
4. Justification (Column 4) -- Enter the justification or reason for the capital outlay.
5. Recurring operating and maintenance (Column 5) -- Describe the effect of the outlay on future years' operating costs.
6. Budget request (Column 6) -- Enter the total requested appropriation for each capital outlay item.
7. Budget recommendation (Column 7) -- Reserved for use by the chief fiscal officer.
8. Board action (Column 8) -- Reserved for use by the governing body.



INSTRUCTIONS FOR DEPARTMENTAL APPROPRIATIONS REQUEST Certain individual fund budgets may be supported by a number of departmental appropriation requests, while other funds may not, depending on the number of departments or function represented by a fund.

1. Account number (Column 1) -- Enter the functional expenditure account to which the item will be charged.
2. Account object (Column 2) -- Enter the expenditure object code to which the item will be charged.
3. Account Title (Column 3) -- Enter the title of the expenditure object code.
4. Last complete year (Column 4) -- Enter the actual expenditure amount from the last completed fiscal year.
5. Estimate current year (Column 5) -- Enter an estimate of the current fiscal year ending balance. (Current year budgeted amounts may be used if an analysis of such yields no unusual fluctuations between YTD actual and budget)
6. Budget request (Column 6) -- Enter the total requested for each expenditure for the coming fiscal year. These amounts should correspond to the total amounts from any supporting schedules or detailed worksheets.
7. Budget recommendation (Column 7) -- Reserved for use by the chief fiscal officer.
8. Board action (Column 8) -- Reserved for use by the governing body.
9. Explanation (Column 9) -- Enter any explanations or narratives necessary to justify the request.



### INSTRUCTIONS FOR INDIVIDUAL FUND BUDGETS

1. Source/Appropriation (Column 1) -- Summarizing from the Summary Revenue Estimates and the Departmental Appropriation Requests, enter the title of the revenue accounts and the functional expenditure accounts to be budgeted.
2. Last completed fiscal year (Column 2) -- Enter the actual revenue and expenditure amounts from the last completed fiscal year.
3. Current fiscal year (Column 3) -- Enter an estimate of the current fiscal year revenues and expenditures for the fund.
4. Budget request (Column 4) -- By summarizing the departmental appropriation requests which make up the fund, enter the total budget request for the coming fiscal year. These amounts should be consistent with previously completed forms on revenue projections and departmental appropriation requests.
5. Budget recommendation (Column 5) -- Reserved for use by the chief fiscal officer.
6. Board action (Column 6) -- Reserved for use by the governing body.

FUND GROUPING BUDGET										
FISCAL YEAR										
	TOTAL (1)	FUND (2)	FUND (3)	FUND (4)	FUND (5)	FUND (6)	FUND (7)	FUND (8)	FUND (9)	FUND (10)
<b>REVENUE SOURCES</b>										
Beginning Fund Balance										
Current Year Revenues:										
Total Revenue										
<b>APPROPRIATIONS</b>										
Total Appropriations										
<b>ENDING FUND BALANCE</b>										

INSTRUCTIONS FOR BUDGET GROUPING WORKSHEET This budget form is used to group like individual fund budgets before transfer to the consolidated budget. It is used in situations where a governmental unit has multiple funds within any fund type.

## Consolidated Budget

Fiscal Year 19\_\_\_\_

	Last Completed Fiscal Year (1)	Current Fiscal Year (2)	Total Recomm'd Budget (3)	General Fund (4)	Special Revenue Funds (5)	Capital Project Funds (6)	Debt Service Funds (7)	Special Assessmt. Funds (8)	Proprietary Funds (9)	Board Action (10)
<b>REVENUE SOURCES</b>										
Beginning Fund Balance										
<b>Current Year Revenues:</b>										
Total Revenue										
<b>APPROPRIATIONS</b>										
Total Appropriations										
<b>ENDING FUND BALANCE</b>										



INSTRUCTIONS FOR THE CONSOLIDATED BUDGET From the individual fund budgets, transfer the revenue and expenditure amounts onto the consolidated budget form. If there are multiple funds in any one fund type it may be necessary to use a 'Budget Grouping Worksheet.'

## Consolidated Capital Budget Request

\_\_\_\_\_ - 19\_\_ Budget Year

All Funds

Prepared by: \_\_\_\_\_

[illegible]

INSTRUCTIONS FOR THE CONSOLIDATED CAPITAL OUTLAY REQUEST This form is used to consolidate all the capital outlay request on the entire budget of the governmental unit. The information contained on the form should be consistent with the Departmental Capital Outlay Schedules and the Departmental Appropriation Request.

1. Fund (Column 1) -- Enter the fund/fund No. from which the capital outlay will be made.
2. Department (Column 2) -- Enter the department to which the capital outlay will be charged.
3. Capital Outlay Description (Column 3) -- Enter a description of the capital outlay item.
4. Amount (Column 4) -- Enter the amount of the capital outlay.
5. Source of Funding (Column 4) -- Describe the source of funding.
6. Recurring Maintenance Cost (Column 5) -- Describe the effect of the outlay on future years operating cost (increase or decrease).
7. Board Action (Column 6) -- Reserved for use by the governing body.

\_\_\_\_\_ - 19\_\_ Budget Year

Prepared by: \_\_\_\_\_

## Budgeting for Louisiana Local Government

INSTRUCTIONS FOR THE CONSOLIDATED DEBT SERVICE REQUEST This form is used to provide information on long-term debt requirements.

1. Bond issue (Column 1) -- Describe and identify the bond issue.
2. Funding Source (Column 2) -- Identify the source of funds used to retire the issue.
3. Last maturity (Column 3) -- Enter the date of the last payment (maturity) on the obligation.
4. Principal and interest (Column 4) -- Enter the amount of principal and interest included in the budget for the coming fiscal year.
5. Outstanding at end of year (Column 5) -- Enter the amount of principal which will be outstanding as of the end of the upcoming budget year.
6. Balance in debt service fund (Column 6) -- Enter the estimated balance in the servicing fund (the fund which pays the principal and interest) as of the close of the upcoming budget year. This information should be consistent with any related individual fund budgets.

# **Local Government Budget Act**

## **Appendix B**



## **Local Government Budget Act**

### **§ 1301. Short title**

This Chapter may be cited as the "Louisiana Local Government Budget Act."

### **§ 1302. Definitions**

For the purposes of this Chapter:

(1) "Political subdivision" means any:

(a) Parish governing authority and all districts, boards, or commissions created by such parish governing authority either independently or in conjunction with other units of government.

(b) Municipality and all boards and commissions created by such municipality, either independently or in conjunction with other units of government.

(c) School board.

(d) Special district created pursuant to and under the authority of Article VI, Section 16 or 19 of the Louisiana Constitution.

(e) City court.

(f) Indigent defender board.

(g) Housing authority.

(h) Mortgage authority

(i) Political subdivisions of the state not included within the state's Comprehensive Annual Financial Reports.

(j) Registrar of voters.

(k) Independently elected parish offices, including the office of assessor, clerk of district court, coroner, district attorney, sheriff, and judges, but only insofar as their judicial expense funds, as provided for in Title 13 of the Louisiana Revised Statutes of 1950.

(2) "Governing authority" means the body which exercises the legislative functions of the political subdivision.

(3) "Political subdivision category" means a grouping of political subdivisions with similar governmental objectives.

### **§ 1303. Legislative intent**

A. It is the intent of the legislature that this Chapter shall apply, as provided for herein, to all political subdivisions of the state with a general fund or a special revenue fund, except that the provisions of RS 39:1307 related to public participation shall only apply to those political subdivisions with proposed expenditures totaling five hundred thousand dollars or more in such funds. The provisions of this Chapter shall be construed as minimal requirements and shall not prevent a political subdivision from requiring

more extensive financial planning and budgeting practices nor from imposing more stringent penalties for violations.

B. Preparation and adoption of a budget by a political subdivision in any manner contrary to the provisions of this Chapter is hereby expressly prohibited.

C. It is the intent of the legislature that this Chapter shall apply to political subdivisions operating under a home rule charter or plan of government adopted or in existence pursuant to and under the authority of Article VI of the Louisiana Constitution of 1974 to the extent that governments operating under home rule charters are subject to this Chapter as minimum standards.

D. The provisions of this Act shall apply to school boards only if and when they do not conflict with RS 17:88(A).

E. The provisions of this chapter shall not apply to funds received by district attorneys' offices pursuant to: (1) RS 16:15; (2) incentive payments for child support enforcement activities; unless proposed expenditures exceed \$50,000.

#### § 1304. Uniform chart of accounts

A. The legislative auditor shall develop a uniform chart of accounts for use by political subdivisions in recording of all financial transactions. The legislative auditor shall submit the proposed chart of accounts to the Joint Legislative Committee on the Budget for its approval. Any change to the approved chart of accounts shall be made in accordance with procedures contained in this Subsection.

B. The legislative auditor is authorized to create political subdivision categories for the purpose of carrying out the provisions of this Section. He may propose a different chart account for each political subdivision category. Any political subdivision category created pursuant to this Subsection shall be approved by the Joint Legislative Committee on the Budget.

#### § 1305. Budget preparation

A. Each political subdivision shall cause to be prepared a comprehensive budget presenting a complete financial plan for each fiscal year for the general fund and each special revenue fund.

B. The chief executive or administrative officer of the political subdivision or, in the absence of such positions, the equivalent thereof shall prepare the proposed budget.

C. The budget document setting forth the proposed financial plan for the general fund and each special revenue fund shall include the following:

(1) A budget message signed by the budget preparer which shall include a summary description of the proposed financial plan, policies, and objectives, assumptions, budgetary basis, and a discussion of the most important features.

(2)(a) A statement for the general fund and each special revenue fund showing the estimated fund balances at the beginning of the year; estimates of all receipts and revenues to be received, revenues itemized by source; recommended expenditures itemized by agency, department, function, and character; other financing sources and uses by source and use; and the estimated fund balance at the end of the fiscal year.

(b) School boards shall itemize revenues and expenditures in accordance with guidance provided by the state Department of Education.

(c) If, upon the request of the governing authority, the political subdivision fails to submit its budget document showing the information concerning revenue sources as mandated by this Subsection, the governing authority shall not appropriate any general funds to such political subdivision.

D. A budget proposed for consideration by the governing authority shall be accompanied by a proposed budget adoption instrument. The budget adoption instrument for independently elected parish offices shall consist of a letter from the independently elected official authorizing the implementation of the adopted budget. The budget adoption instrument for any municipality, parish, school board, or special district shall be an appropriation ordinance, adoption resolution, or other legal instrument necessary to adopt and implement the budget document. The adoption instrument shall define the authority of the chief executive and administrative officers of the political subdivision to make changes within various budget classifications without approval by the governing authority, as well as those powers reserved solely to the



governing authority.

E. The total of proposed expenditures shall not exceed the total of estimated funds available for the ensuing fiscal year.

#### § 1306. Completion and submission of the proposed budget

A. The proposed budget for political subdivisions with a governing authority including municipalities, parishes, school boards, and special districts shall be completed and submitted to the governing authority of that political subdivision and made available for public inspection as provided for in 39:1308 no later than fifteen days prior to the beginning of each fiscal year except that:

(1) The proposed budget for a school board shall be completed and submitted to the school board and made available for such public inspection no later than fifteen days prior to the date for budget adoption by school boards as required in 17:88(A).

(2) The proposed budget for a parish shall be completed and submitted to the parish governing authority and made available for such public inspection prior to the fifteenth day of the fiscal year for which the budget is to be applicable.

B. The proposed budget for a registrar of voters and independently elected parish offices including the office of assessor, clerk of district court, coroner, district attorney, and sheriff shall be completed and made available for public inspection as provided for in RS 39:1308 no later than fifteen days prior to the beginning of each fiscal year.

#### § 1307. Public participation

A. Political subdivisions with total proposed expenditures of five hundred thousand dollars or more from the general fund and any special revenue funds in a fiscal year or other similar budgetary period shall afford the public an opportunity to participate in the budgetary process prior to adoption of the budget.

B. Upon completion of the proposed budget and, if applicable, its submission to the governing authority, the political subdivision shall cause to be published a notice stating that the proposed budget is available for public inspection. The notice shall also state that a public hearing on the proposed budget shall be held with the date, time, and place of the hearing specified in the notice. The notice shall be published at least ten days prior to the date of the first public hearing. Where applicable, publication shall be in the official journal of the political subdivision. Where there is no requirement that the political subdivision have an official journal, publication shall be in the official journal of the governing authority of the parish in which the political subdivision is located. In cases where the political subdivision is located within the boundaries of more than one parish, publication shall be in the official journal of the governing authority of each parish.

C. No proposed budget shall be considered for adoption or otherwise finalized until at least one public hearing has been conducted on the proposal. Nothing herein shall prohibit one or more political subdivisions from conducting joint public hearings.

D. The political subdivision shall certify completion of all action required by this Section by publishing a notice in the same manner as is herein provided for the notice of availability of the proposed budget and public hearing.

#### § 1308. Inspection of proposed budget

The proposed budget of a political subdivision shall be available for public inspection at the following locations:

(1) Municipalities: at the office of the mayor or municipal governing authority.

(2) School boards: at the school board office.

(3) Special districts: at the office of the governing authority of the special district.

(4) All other political subdivisions: at the office of the individual political subdivision.

(5) In cases where the political subdivision is located within the boundaries of more than one parish, the proposed budget shall be available at the office of the parish governing authority of each parish.

#### § 1309. Adoption

A. All action necessary to adopt and otherwise finalize and implement the budget for a fiscal year shall be taken in open meeting and completed before the end of the prior fiscal year except that:

(1) All action necessary to adopt and otherwise finalize and implement the proposed budget for a school board shall be taken in open meeting and completed prior to the date for budget adoption by school boards, as required by RS 17:88A.

(2) All action necessary to adopt and otherwise finalize and implement the proposed budget for a parish shall be taken in open meeting and completed prior to the thirtieth day of the fiscal year for which the budget is to be applicable.

B. The adopted budget shall be balanced with approved expenditures not exceeding the total of estimated funds available.

C. The adopted budget shall contain the same information as that required for the proposed budget according to RS 39:1305C for the proposed budget.

D. Upon adoption, certified copies of the budget and adoption instrument shall be transmitted to and retained by the chief executive or administrative officer as required by RS 39:1313.

#### § 1310. Amending the budget

When the governing authority has received notification pursuant to RS 39:1311, or there has been a change in operations upon which the original adopted budget was developed, the governing authority shall adopt a budget amendment in an open meeting to reflect such change. When an independently elected parish official has received notification pursuant to RS 39:1311A, or when there has been a change in operations upon which the original adopted budget was developed, the independently elected official shall adopt a budget amendment and publish such amendment in the official journal as described by RS 39:1307B. In no event shall a budget amendment be adopted proposing expenditures which exceed the total of estimated funds available for the fiscal year.

#### § 1311. Budgetary authority and control

A. The adopted budget and any duly authorized adopted amendments shall form the framework from which the chief executive or administrative officers and members of the governing authority of the political subdivision shall monitor revenues and control expenditures. The chief executive or administrative officer for a political subdivision subject to public participation as provided in R.S. 39:1307, shall advise the governing authority or independently elected official in writing when:

(1) Total revenue and other sources plus projected revenue and other sources for the remainder of the year, within a fund, are failing to meet total budgeted revenues and other sources by five percent or more.

(2) Total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more.

(3) Actual beginning fund balance, within a fund, fails to meet estimated beginning fund balance by five percent or more and fund balance is being used to fund current year expenditures.

B. The written notification as required by this Section as well as any responsive action taken by the governing authority or independently elected official shall be transmitted to and retained by the chief executive or administrative officer. The written notification as required by this Section and the resulting budget amendment shall only be statutorily required for a special revenue fund with anticipated expenditures that equal or exceed two hundred fifty thousand dollars. Furthermore, only the written notification of Paragraph A(2) of this Section shall be required for special revenue funds whose revenues are expenditure driven.

C. The adopted budget and any duly authorized amendments required by this Section shall constitute the authority of the chief executive or administrative officers of the political subdivision to incur liabilities and authorize expenditures from the respective budgeted funds during the fiscal year.

D. Nothing in this Chapter shall prevent the making of contracts for governmental services or for the capital outlay for a period exceeding one year if such contracts are allowed otherwise by law. Any contracts so made shall be executory only for the amounts agreed to be paid for such services to be rendered in succeeding years.

E. Notwithstanding any provision of this Section to the contrary, the elected chief of police in a municipality shall advise the municipal governing authority in writing when total actual expenditures plus projected expenditures for the remainder of the year within the police department exceed the total budgeted expenditures by five percent or more, and shall make recommendations in writing to the governing authority for responsive action.

#### § 1312. Governing authority's failure to make appropriation

If, at the end of any fiscal year, the appropriations necessary for the support of the political subdivision for the ensuing fiscal year have not been made, then fifty percent of the amounts appropriated in the appropriation ordinance or resolution for the last completed fiscal year shall be deemed reappropriated for the several objects and purposes specified in such appropriation ordinance or resolution.

#### § 1313. Budget filing

The chief executive or administrative officer shall retain and file certified copies of the adopted budget, budget adoption instrument, duly authorized budget amendments, and copies of supporting schedules and correspondence related to the budget at the domicile of the governing authority.

#### § 1314. Emergencies

Nothing shall prohibit the expenditure of funds in cases of emergency. For purposes of this Section, "an emergency" means an unforeseen event bringing with it destruction or injury of life or property or the imminent threat of such destruction or injury.

#### § 1315. Violations

A. Except as provided in RS 39:1314, any public official or officer that violates, either knowingly or intentionally, the provisions of RS 39:1305E, either through the adoption of an original budget or through amendment to a legally adopted budget, shall be a violation of RS 14:134 and shall be subject to the penalties contained therein.

B. Any person may commence a suit in a court of competent jurisdiction for the parish in which the political subdivision is domiciled for mandamus, injunctive, or declaratory relief to require compliance with the provisions of this Chapter.

#### § 17:3996 Charter Schools

G. All charter schools established and operated in accordance with the provisions of this Chapter shall comply with the provisions of RS 39:1301 through 1315. Each Type 1, 3, and 4 charter school annually shall submit its budget to the local school board that approved its charter and such board shall submit the charter school's budget to the state superintendent of education in accordance with the provisions of RS 17:88. Each Type 2 charter school annually shall submit its budget directly to the state superintendent of education.

H. In addition to the requirements of Subsection G of this Section, the State Board of Elementary and Secondary Education shall adopt rules and regulations for prescribing forms and practices for budgeting, accounting, and financial reporting, both interim and annual, for Type 2 charter schools.

## **Jurisprudence and Opinions of the Louisiana Attorney General Relating to Local Government Budget Law**

Cyrus "Bobby" Tardo in his Official Capacity as President of the Lafourche Parish Council v. Lafourche Parish Council, et al. 476 So.2d 997. Amending parish budget after its adoption, but before beginning of fiscal year, violated home rule charter giving parish council power to amend budgets either before adoption or during fiscal year if a deficit is being run. Parish councils are authorized to amend an adopted budget prior to beginning of fiscal year only if a "change in operation" has occurred. Expert testimony introduced by parish council demonstrating a downward economic progression in various revenue-producing elements of adopted budget was insufficient to prove "change in operations" warranting amendment of adopted budget prior to beginning of fiscal year. J-149.

Local school boards may enter into advance funding agreement with LPFA for budgetary loans pursuant to R.S. 17:88, 89. 84-58. (issued 2-01-84).

(1) Previous years' deficits not to be considered for year in which Act 504 was implemented. (2) Budget cannot be amended so as to cause a deficit. (3) Loan cannot be considered income. 82-1091. R.S. 39:1301, 1304. (issued 12-17-82).

Act 504 applicable to parish governing authority upon ensuing fiscal year, January 1, 1981. 80-1223. R.S. 1:4; Act 504 of 1980. (issued 9-24-80).

The Morehouse Parish Library Board of Control is independent of the Morehouse Parish Police Jury. It is subject to the exceptions and requirements of the Louisiana Local Government Budget Act. 82-1026. R.S. 24:514(A); 25: 215(C); 25:216; 39:1301-1315; Act 504 of 1980; Act 116 of 1982; Act 238 of 1982. (issued 11-22-82).

Neither the legislature nor the interim emergency board can authorize agency to incur deficit or borrow money for operating expenses. Agency must operate on funds appropriated to it by the legislature and/or the interim emergency board. 75-1564.

The mayor in a Lawrason Act municipality may refuse to sign money warrants for appropriations made by the board of aldermen if such appropriations will cause the city's budget to be unbalanced. 76-256.

Appropriation may be used for project reasonably related to the appropriation. 81-540. Art. 7, Sec. 10; Act 18 of 1980. (issued 5-05-81).

Various councils on aging may amend their current budgets to reflect the increase in federal funds as a result of the Louisiana Power and Light utility refunds, and such funds may be expended for the general operation of the agencies in conformance with any applicable federal rules and regulations. 83-460. (issued 7-15-83).

Mayor may install a police bank monitor in his personal automobile without being required to secure permission from anyone, provided that the mayor expends funds to purchase this equipment pursuant to an appropriation which has been made to his office by the town council. 84-65. (issued 2-15-84).

The state and its agencies may legally enter into a multi-year installment payment purchase contract, as long as such contract contains an annual appropriation dependency clause covering all the possibilities of non-funding under the budget/appropriation/funding process and as long as all of the proper written determinations economically and otherwise justifying the use of such contract in each instance of purchase, as required by law, are made by those persons legally vested with the duty to make them. Such contracts should also provide for (1) using agency's chief executive officer to have final power to determine fiscal impact of non-funding or deduction in funding to his agency as to the triggering of the contract's annual appropriation dependency clause, (2) transfers of property purchased and rights and

obligations under the contract, (3) protection of vendor's residual rights to property in the events of resolatory conditions or buyer's default, (4) risk of loss and casualty insurance, (5) both buyer's and seller's default and the effects thereof, (6) prepayment and credit for unearned interest, and (7) seller's adjustment of its amounts in the contract. 84-181. Art. 7, Sec. 6; Art. 3, Sec. 16; Art. 4, Sec. 5(G) of Const.; Annual General Appropriations Act of the La. Legislature; R.S. 39:57(B), 200(K), and 321, et seq. [particularly 330(B)]; 1551, et seq. (particularly 1613 and 1615); 1695, et seq. and 1755(5). (issued 3-16-84).

The appropriation initially approved by the board of aldermen for the Town of Haughton must be made unless the resolution or order providing for the appropriation is cancelled or withdrawn and/or changed by the governing authority by following the proper procedures. 84-274. R.S. 33:401; 33:462. (issued 6-11-84).

Changes in parish budget require council's (jury's) approval. 84-488. R.S. 39: 1304; 39:1302; 39:1303; 39:1309 and 39:1310. (issued 9-14-84).

The City Court of Ville Platte may demand of the police jury, by writ of mandamus, that they budget reasonable and necessary funds which are necessary for the function and administration of the court. 86-177. (issued 3-13-86).

Iberville Parish Assessor must furnish reasonable police jury and school board documentation requested by the police jury and school board so as to justify increase in expense allowance. Police jury and school board could reasonably demand and expect to receive the same information required by Local Government Budget Act. 85-250. R.S. 47:1908(E); 39:1301. (issued 4-22-85).

Assessors are included in the definition of "political subdivisions" under Local Government Budget Act. If total proposed expenditures of an assessor exceed \$250,000, their budgets cannot be considered for adoption until there is compliance with the public hearing and advertising requirement of LSA-R.S. 39:1306. 85-938-A. (issued 12-20-85).

Assessor with a total expenditure of less than \$250,000 is not required to publish the availability for public inspection of his proposed budget. While not required to publish notice of availability, the proposed budget and subsequent amendments must be made available for public inspection. 87-190. R.S. 39:1306, 1305, 1307, 1309, 1312. (issued 5-09-87).

Subject to some budgetary practices, city must pay all operating expenses of its city court. Cost of court fund may be expended by the judge in his discretion. 79-479.

The mayor of the City of Monroe does not have the authority to approve change orders affecting construction contract previously approved by city council until it implements the full provisions of its new home rule charter and a capital improvement budget is adopted. 81-190. La. Const., Art. 6, Sec. 5. (issued 3-10-81).

Acadiana Criminalistics Laboratory must prepare an annual budget and return the excess fees to the participating parishes. 78-916.

General discussion of the applicability of the Louisiana Local Government Budget Act (Act 504 of 1980). 80-1151. R.S. 39:1301, et seq. (issued 9-18-80).

General discussion of budget amendment requirements for district attorney's office. 87-80-A. R.S. 39:1309. (issued 3-16-87).

Gravity drainage districts are political subdivisions of the state and subject to the Louisiana Local Government Budget Act. 85-342. R.S. 39:1303-1304; 38:1755. (issued 5-09-85). (Note: A request has been made for a reconsideration of this opinion.)

Any expenditure from the municipal general fund would require an appropriation from the council at its discretion subject to the budget procedures according to R.S. 39:1301, et seq. 85-393. R.S. 39:1301; 13:1883, 1888, 1899(B), 1399(C), 2008. (issued 5-15-85).

Monies collected by district attorney for school board trust account are not "revenues" for purpose of Act 504 of 1980 Regular Session. 80-1470. R.S. 39:1301, et seq. (issued 11-13-80).

City court must prepare a budget upon request of Legislative Auditor. 83-624. R.S. 24:514. (issued 8-18-83).

Discusses municipal budgetary process. 87-477. R.S. 39:1301. (issued 7-13-87).

Police jury cannot amend its budget to include an increase in salary for court reporters where said increase would result in deficit spending. 81-604A. R.S. 39:1301, et seq., 1308, 1311; 13:961(E). (issued 11-18-81).

Police jury must give prior approval for expenditures from the parish treasury. 74-1881.

School board cannot properly sign a contract for an amount in excess of the budgeted figure. 78-409.

The budget of a municipality governed by the Louisiana Local Government Budget Act (LSA-R.S. 39:1301 et seq.) must be submitted to and approved by the governing authority of the municipality. 91-315.

The superintendent of the parish school board may not enter into contracts on behalf of the board, or obligate the board's funds, without being given the power to do so by the board in its adopted rules and regulations. 91-191.

The Louisiana Local Government Budget Act (RS 39:1301) applies to the City Court of Opelousas and Ward One of St. Landry Parish, but only to the extent of their judicial expense funds. No. 93-690

The budget of a municipality governed by the Louisiana Local Government Budget Act (RS 39:1301 et seq.) must be submitted to and approved by the governing authority of the municipality. No. 91-315

The police jury may not question the expenditures of the Parish Registrar of Voters in the day-to-day operation of the office within the approved budget. No. 95-71A

Chief of Police has exclusive control over the expenditure of funds budgeted and appropriated to his department. Mayor and board of aldermen have the statutory authority to amend the municipal budget and reduce the police department's allocation of funds, if necessary. 94-313

Municipality may expend monies for a properly authorized criminal investigation; may not pay legal expenses incurred by the mayor for personal services performed by the town's attorney; mayor may not legally obligate the town to make expenditures without the board's approval. No. 96-343

The Evangeline Parish Police Jury does not have the authority to approve the budget of the Evangeline Parish Solid Waste Commission. RS 33:4169.a provides only that "exclusive franchises" for garbage collection must be bid in accordance with the public bid law. However, any contract for the collection and transportation of garbage must be limited for a term of up to ten years. No. 97-205

Once expenditure is authorized in budget of public entity, the executive is authorized to incur liabilities by entering contracts. Terms of contract should deal carefully with when payments become due since statute dictates delay in payment once amounts become due and payable under the contract. No. 98-125

The district judges can mandate a budget by the police jury which will allow them the reasonable and necessary expense to run their office. No. 94-596

Police jury may require the submission of annual audit reports from its subordinate districts, boards, and commissions. No. 94-91

Mayor has specific duty to sign warrants drawn on the treasury and to require the clerk to attest to the warrants. Mayor can pay specific bills without Board of Aldermen's approval, as long as bills fall within a category in the approved budget, and proper appropriations therefore have been made. No. 92-215

Article 5 of Lafourche Parish's Charter in no way conflicts with the constitution or the Local Government Budget Act. No. 01-279

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